State of Utah

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2016

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Gary R. Herbert ..... Governor
Spencer J. Cox ..... Lt. Governor
John Dougall ..... State Auditor
David C. Damschen, CTP ..... State Treasurer
Sean D. Reyes ..... Attorney General
Wayne L. Niederhauser ..... President of the Senate
Greg Hughes ..... Speaker of the House
Matthew B. Durrant ..... Chief Justice, Supreme Court

OTHER STATE OFFICIALS

Kenneth A. Hansen ..... Interim Executive Director, Department of Administrative Services
John C. Reidhead, CPA ..... Director, Division of Finance
Kristen Cox ..... Director, Governor's Office of Management and Budget
Jonathan C. Ball ..... Director, Office of the Legislative Fiscal Analyst
John M. Schaff, CIA ..... Auditor General, Office of the Legislative Auditor General
Michael E. Christensen ..... Director, Office of Legislative Research and General Counsel

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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.

UTAH DEPARTMENT OF ADMINISTRATIVE SERVICES

Division of Finance Accounting Standards and Financial Reporting Section

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Administrative Services

Kenneth A. Hansen
Interim Executive Director

Division of Finance

John C. Reidhead, CPA
Director

November 8, 2016

To the Citizens, Governor,
and Members of the Legislature
of the State of Utah:

It is our pleasure to present the 2016 Comprehensive Annual Financial Report of the State of Utah in accordance with *Utah Code* Section 63A–3–204. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

Internal Control. The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

Independent Auditors. In compliance with state statute, an annual financial audit of the "State Reporting Entity" is completed each year by the Office of the Utah State Auditor in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Utah State Auditor's report and the opinion on the fair presentation of the Basic Financial Statements are included in the Financial Section of this report.

Single Audit. Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the Utah State Auditor's report, is issued in a separate report.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 17 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Structure. As shown in the organizational chart on page 12, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 3,047,000 citizens. Services

include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

The State Reporting Entity. The State Reporting Entity includes the *primary government* and its *component units.* The *primary government* of the State of Utah includes all funds, departments, agencies, and other organizational units governed by the Legislature or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units for which the primary government is financially accountable. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented component units can be found in the notes to the financial statements (see Note 1. A. on page 65).

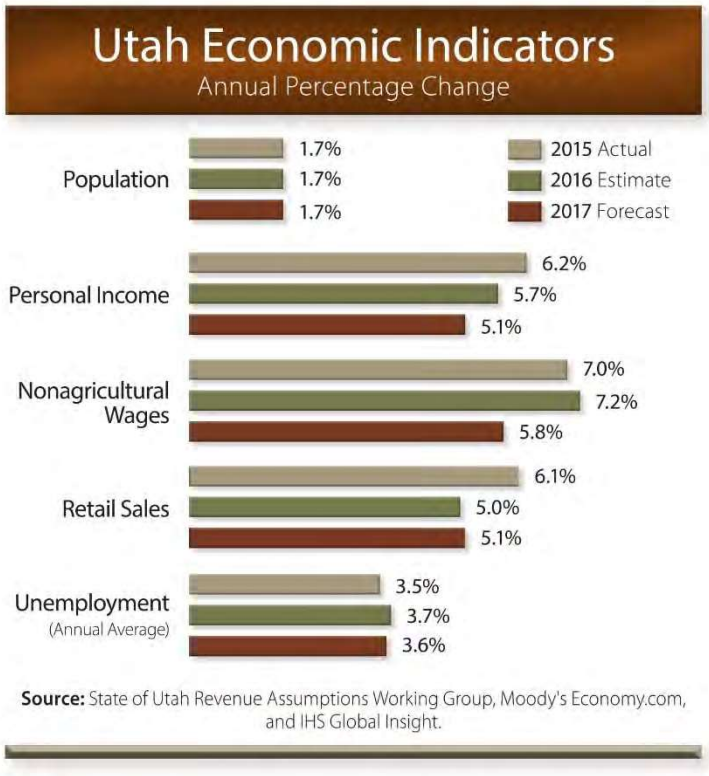
Budgetary Process and Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget for the governmental funds with an annual appropriated budget (General, Education, Transportation, Transportation Investment, and Debt Service Funds), by function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures by line item in the annual *Appropriations Acts*. Line item is the legal level of budgetary control. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that line items and funds will not end the fiscal year in a deficit position. For additional information on the budgetary process and control, see the Required Supplementary Information and related notes beginning on page 142.

INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

Local Economy. The Utah economy continues to outperform national averages. Utah's economy is expected to grow moderately through 2017 on the strength of steady job and wage growth.

Utah's unemployment rate averaged 3.5 percent in 2015 and is expected to increase to an average of 3.7 percent in 2016, and 3.6 percent in 2017. In 2015, personal income increased by 6.2 percent and nonagricultural wages increased by 7 percent. In 2016, personal income is expected to increase by 5.7 percent and nonagricultural wages are expected to increase by 7.2 percent. Taxable retail sales increased by 6.1 percent in 2015 and are expected to increase by 5 percent in 2016.

Total construction value was $6.9 billion in 2015, a 19 percent increase from the prior year, primarily due to an increase in nonresidential permit value. This marked the fifth consecutive year in which total construction value has increased. In 2016, total construction value is expected to increase slightly to $7.1 billion. Residential construction was $3.8 billion in 2015, a 15.2 percent increase from the prior year as housing continued to play a role in the economic expansion. Residential permit value is expected to increase to $4 billion, or 5.3 percent in 2016.



In 2016, Utah population is estimated at 3,047,000, which is an increase of 1.7 percent over the prior year. Utah had positive net migration of approximately 17,600 people in 2015 and is expected to grow by 17,900 in 2016. Utah has had positive net migration for the past 26 years and this trend is expected to continue in the coming years.

Industries. Utah's job market continues to expand as it rebounds from the national recession that began in late 2007. Utah's nonagricultural employment is expected to increase by 3.6 percent in 2016 and by 3.1 percent in 2017, which is near the Utah average yearly rate of 3.1 percent (1950 through June 2016). All industrial sectors added jobs to Utah's employment base, with the exception of natural resources and mining, which contracted by 900 jobs. Trade, transportation, and utilities added 8,600 new jobs, with retail trade contributing most of the gains. Education and health services also added 8,600 new jobs, primarily in health services. Financial activities added 6,600 new jobs, with most of the increase in finance and insurance. Leisure and hospitality added 6,000 new jobs, with the largest increase in food services and drinking places. The results for August 2015 to August 2016 are presented in the following table.

State of Utah
Jobs by Industry of Utah's Labor Force
(Expressed in Thousands)

	Number of Jobs		Numerical Change	Percentage Change	Components of Labor Force
	2016 (est.)	2015	2015 to 2016	2015 to 2016	2016 (est.)
Trade, Transportation, and Utilities	273.6	265.0	8.6	3.2 %	19.2 %
Professional and Business	200.9	198.1	2.8	1.4 %	14.1 %
Education and Health Services	187.1	178.5	8.6	4.8 %	13.2 %
Government (Local/Federal)	149.3	147.5	1.8	1.2 %	10.5 %
Leisure and Hospitality	144.7	138.7	6.0	4.3 %	10.2 %
Manufacturing	128.5	124.3	4.2	3.4 %	9.0 %
Construction	93.6	88.3	5.3	6.0 %	6.6 %
Financial Activities	86.5	79.9	6.6	8.3 %	6.1 %
Government (State/Higher Ed.)	71.6	70.8	0.8	1.1 %	5.0 %
Other Services	40.5	39.5	1.0	2.5 %	2.9 %
Information	35.2	35.2	0.0	0.0 %	2.5 %
Natural Resources and Mining	9.4	10.3	(0.9)	(8.7)%	0.7 %
Total	**1,420.9**	**1,376.1**	**44.8**		**100.0 %**

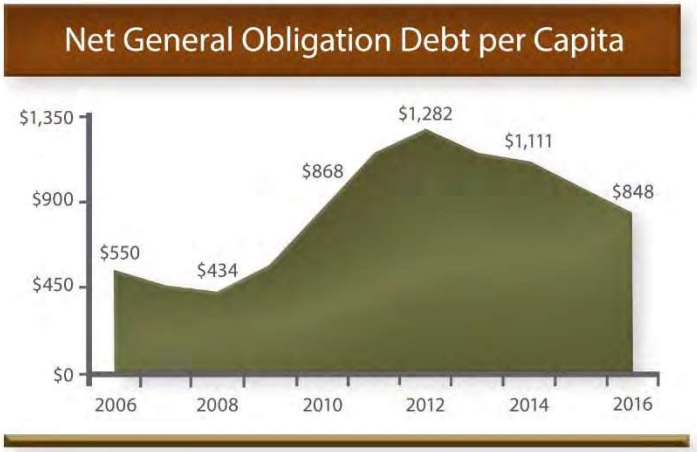
Source: Utah Department of Workforce Services and the U.S Bureau of Labor Statistics, August 2016.

Outlook. The national economy is expected to continue to grow moderately in the last half of 2016 and into 2017. As in prior recoveries, the Utah economy continues to grow more rapidly than the nation. Factors that support the continued growth include: 1) low gas prices; 2) strong consumer spending; 3) demographic advantages; and 4) an attractive business environment. Despite this positive outlook for the Utah economy, downside risks are still present. Primarily due to external factors, these risks include negative interest rates, the slowdown in growth in China, unexpected or low probability events with far reaching consequences, and a decline in retail and corporate profits at the national level. Overall, Utah is expected to grow at a moderate pace barring any major disruptions to the global and national economies.

FINANCIAL PLANNING AND POLICIES

Debt Administration. As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal years 2006 through 2007 the State bonded less and primarily funded projects with the pay-as-you-go method using one-time and ongoing money. In fiscal years 2008 through 2014, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and/or building projects that otherwise would have been funded from current resources. During the years debt was issued, the State continued to fund some projects with cash. In fiscal years 2015 and 2016, the State continued its prudent fiscal

management by paying cash for buildings. In fiscal year 2016, there were no general obligation bond issuances, authorizations, or refundings. As of June 30, 2016, the State's general obligation debt per capita was $848. The State has an aggressive policy of repaying its general obligation debt within seven years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements on page 109.



Revenue and Expenditure Forecasts. Economists and budget analysts from the Executive and Legislative branches of government work with experts from the private sector and academia to develop the consensus revenue forecast used for establishing the State's annual budget. The final 2016 consensus revenue forecast projected a moderate increase of 3 percent in fiscal year 2016 from 2015 actual revenue for combined General and Education Fund. For fiscal year 2017, 4.7 percent growth is projected. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 3.4 percent for fiscal periods 1971 through 2015. (See the Budgetary Highlights – General Fund in the MD&A on page 25 for a comparison of budgeted to actual results for fiscal year 2016.)

Budget Stabilization. In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Sustainability section below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred. For additional information on the State's budget stabilization accounts see Note 12.B. on page 121.

Medicaid Sustainability. The State implemented reforms in the Medicaid program in an effort to bring Medicaid growth more in line with overall state revenue growth. The reforms align financial incentives in the health care system by replacing the fee-for-service model with one or more risk-based delivery models. When a General Fund revenue surplus occurs, an amount representing the Medicaid growth savings from the new risk-based delivery models will be deposited into the "Medicaid Budget Stabilization Account." The account will then be used to meet the growing needs in the program in years when growth is expected to be at least 8 percent. For additional information on the State's budget stabilization accounts, see Note 12.B. on page 121.

Public Education Growth. Projections indicate that an additional 9,730 new students will enroll in fall 2016. Due to the current and future enrollment growth, and the demands it places on state funding, public education continues to be a top priority for the Governor and the Legislature. The Office of the Legislative Fiscal Analyst developed a Public Education Distribution Model that allows legislators to see how proposed education policy changes will impact funding.

Federal Funding. In an effort to prepare for potential future reductions in federal funding for critical state programs, the Legislature requires most state agencies including public education and higher education institutions to report specific federal funding information to the Legislature. Annually, these entities must report total federal receipts received the preceding fiscal year in addition to providing contingency plans in the event federal receipts are reduced by either 5 percent or 25 percent.

The Legislature created the Federal Funds Commission to study and make recommendations on federal funding issues. The Commission is tasked with considering the financial stability of the federal government, the risk that the State will experience a reduction in the amount or value of federal funds, and methods to avoid or minimize the risk. Legislators also passed legislation that requires economists and budget analysts from the Executive and Legislative branches of government to consider expected changes in federal funding when preparing the annual revenue volatility report and, if appropriate, recommend changes to amounts or limits of reserve funds.

In addition, all federal funds for state agencies must go through the annual appropriations process. To gain tighter control over federal grants that span several years, the Legislature also requires multiyear grants to go through an approval and summary requirements process, including approval in the annual *Appropriations Acts*.

Spending Limitation. The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2016, the State was $510.8 million below the appropriations limitation.

Adequate Funding for Ongoing Programs. The Legislature has been working toward ensuring all programs have adequate ongoing funding. Coming into the 2016 General Session of the Legislature, before accounting for growth in costs or revenues, the State had a small structural surplus of $752 thousand for the 2017 fiscal year budget. Legislators were able to maintain and expand the structural surplus to $12.8 million in the 2016 General Session and 2016 Second Special Session. In addition to matching ongoing commitments to ongoing sources, they took two additional measures. They passed Senate Bill 80, *Infrastructure Funding Amendments*, which will, over time, eliminate two transportation earmarks as further described in the Infrastructure section below. The Legislature also provided $20 million ongoing appropriations for one-time capital development projects, putting recurring resources into buildings.

Operating/Capital Expenditure Accountability. During the 2014 General Session, the Legislature passed laws and rules to implement budget policy changes. These budget bills were, in part, aimed at smoothing revenue volatility by recognizing above trend growth, managing the volatility with rainy day deposit mechanisms, and treating windfalls as one-time revenue. The Legislature added in-depth budget reviews to the regular budget process. The legislation also required that the Office of the Legislative Fiscal Analyst prepare, before each annual general session of the Legislature, a summary showing the current status of the State's debt, long-term liabilities, contingent liabilities, General Fund borrowing, reserves, fund and nonlapsing balances, and cash-funded capital investments, as compared to the prior nine fiscal years. In addition, the Legislative Fiscal Analyst also implemented a "fiscal health dashboard" website where legislators and citizens can quickly and easily check Utah's fiscal health.

MAJOR INITIATIVES

During fiscal year 2016, the State of Utah continued to rank among the top states in private sector job growth and overall job growth. Due to continued economic expansion, the consensus revenue forecast adopted during the 2016 General Session anticipates that fiscal year 2017 will mark the seventh consecutive year of growth in unrestricted General Fund and Education Fund revenue collections.

Approximately $550 million in new unrestricted revenue was available for appropriation during the 2016 General Session due to the fiscal year 2015 surplus and forecasted revenue growth in fiscal years 2016 and 2017. Under the consensus forecast, $400 million of this revenue was available for ongoing appropriations and $150 million for one-time appropriations. In addition, the Legislature re-directed $118 million from various sources, including the Medicaid Restricted Account, reductions in state matching funds for the Children's Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF) for school readiness programs, changes to sales tax earmarks, and other reserves. Together, new revenue and funding reallocations provided $668 million for new appropriations in fiscal years 2016 and 2017. Highlights of new appropriations for public and higher education, infrastructure needs, and other priorities are summarized below.

Public Education. During the 2016 General Session, the Legislature increased public education appropriations by $275 million, including an additional $12 million from TANF for school readiness programs, and $18 million from program balances for public education. This represents 41 percent of new unrestricted appropriations from the General Fund and Education Funds. The largest increases for public education included $82.3 million ongoing for a 3 percent increase in the value of the Weighted Pupil Unit (WPU – the primary funding mechanism for public education); $94.4 million ongoing for an anticipated student enrollment increase of over 9,700 in fall 2016; and $14.4 million ongoing to increase funding for charter schools. Altogether, the fiscal year 2017 state K-12 budget provides a 6.7 percent increase in the state portion of public education funding, compared to fiscal year 2016.

Higher Education. State funding for higher education, including capital development projects, was increased by nearly $172 million during the 2016 General Session. This represents 26 percent of new unrestricted appropriations from the General and Education Funds. A total of $114 million one-time was provided for new higher education facilities and land acquisitions. Other significant increases included $24.9 million for staff compensation and benefits in fiscal year 2017; $8.8 million one-time for the Board of Regents' Scholarship program; $5 million ongoing for market demand programs; $5 million one-time for performance-based allocations; and $2.5 million ongoing to expand programs at the Utah Applied Technology College campuses. The total state portion of fiscal year 2017 higher education funding increased by 4.9 percent, compared to fiscal year 2016.

Social Services. During the 2016 General Session, the Legislature appropriated $88.8 million in new state funding for social service programs. The largest appropriations included $38.7 million for Medicaid caseload growth in fiscal years 2016 and 2017; $8 million for the Division of Services for People with Disabilities (DSPD) to increase salaries for direct care staff who provide services to DSPD clients, fund the additional needs of existing Medicaid waiver clients; and reduce the waiting list for services; $6.4 million for local mental health Medicaid match; and $2.7 million for Medicaid physician, nursing home, and dental reimbursement rates. The Legislature passed a provision to expand Medicare to certain low income and at-risk individuals. The state portion of the ongoing cost of the Medicaid expansion to the General Fund will be $15 million per year. The state funding will be augmented by federal revenue and restricted funds. An additional $1 million one-time was provided to add 70 additional children to a pilot program that expands Medicaid coverage for children with disabilities and complex medical conditions. During the General Session, the Legislature passed a law that moves the Utah State Office Rehabilitation from the State Board of Education to the Department of Workforce Services. Because of the move, the office will now be funded through the General Fund instead of the Education Fund. A restricted account was set up to facilitate the transition between funding sources.

Infrastructure. In addition to the $114 million in appropriations for higher education capital projects, $37 million was appropriated for other capital development projects. These projects include $21.5 million for the Hill Air Force Base Falcon Hill Software Building (a non-state project), $6 million for the Environmental Quality Technical Support Center, $4.2 million for the expansion of the State Archives storage vault, $2.5 million in other non-state projects, $2.1 million for the State Developmental Center, and $1 million for the Weber Valley Multi-Use Youth Center. The State also increased ongoing funding for capital improvements to existing facilities, including higher education facilities, by $6.3 million. During the 2016 General Session, the Legislature passed Senate Bill 80, *Infrastructure Funding Amendments*, which shifts 20 percent of an existing 1/16 percent sales tax earmark from transportation to the Water Infrastructure Restricted Account beginning in fiscal year 2018. The remaining portion of the earmark will be incrementally shifted over to water infrastructure over a five year period. A separate 1/64 percent sales tax earmark for transportation was eliminated, which will leave an additional $8.9 million in the General Fund in fiscal year 2017.

Employee Compensation. During the 2016 Legislative Session, $22.7 million was appropriated from the General Fund and Education Fund for non-higher education state employee salary and benefit increases in fiscal year 2017. The Legislature approved the equivalent of a 2 percent salary increase for state employees. In addition to the compensation general increases, $8.2 million was provided for health insurance cost increases.

State Employee Other Postemployment Benefit Plan. The annual required contribution (ARC) for the State Employee Other Postemployment Benefit (OPEB) plan was $29.1 million. The Legislature considered this ARC when establishing the OPEB budget for fiscal year 2017. The ARC represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the benefits over a period of twenty years.

AWARDS AND ACKNOWLEDGEMENTS

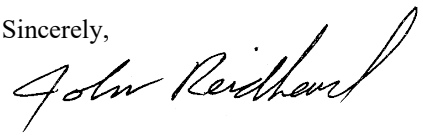
The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the thirty-first consecutive year the State has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Division of Finance, Department of Administrative Services. We also express our gratitude to the budget and accounting officers throughout state government and the Office of the Utah State Auditor for their assistance.

Sincerely,



John C. Reidhead, CPA
Director of Finance

Government Finance Officers Association

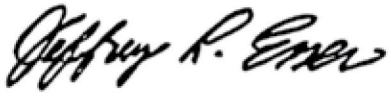
Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

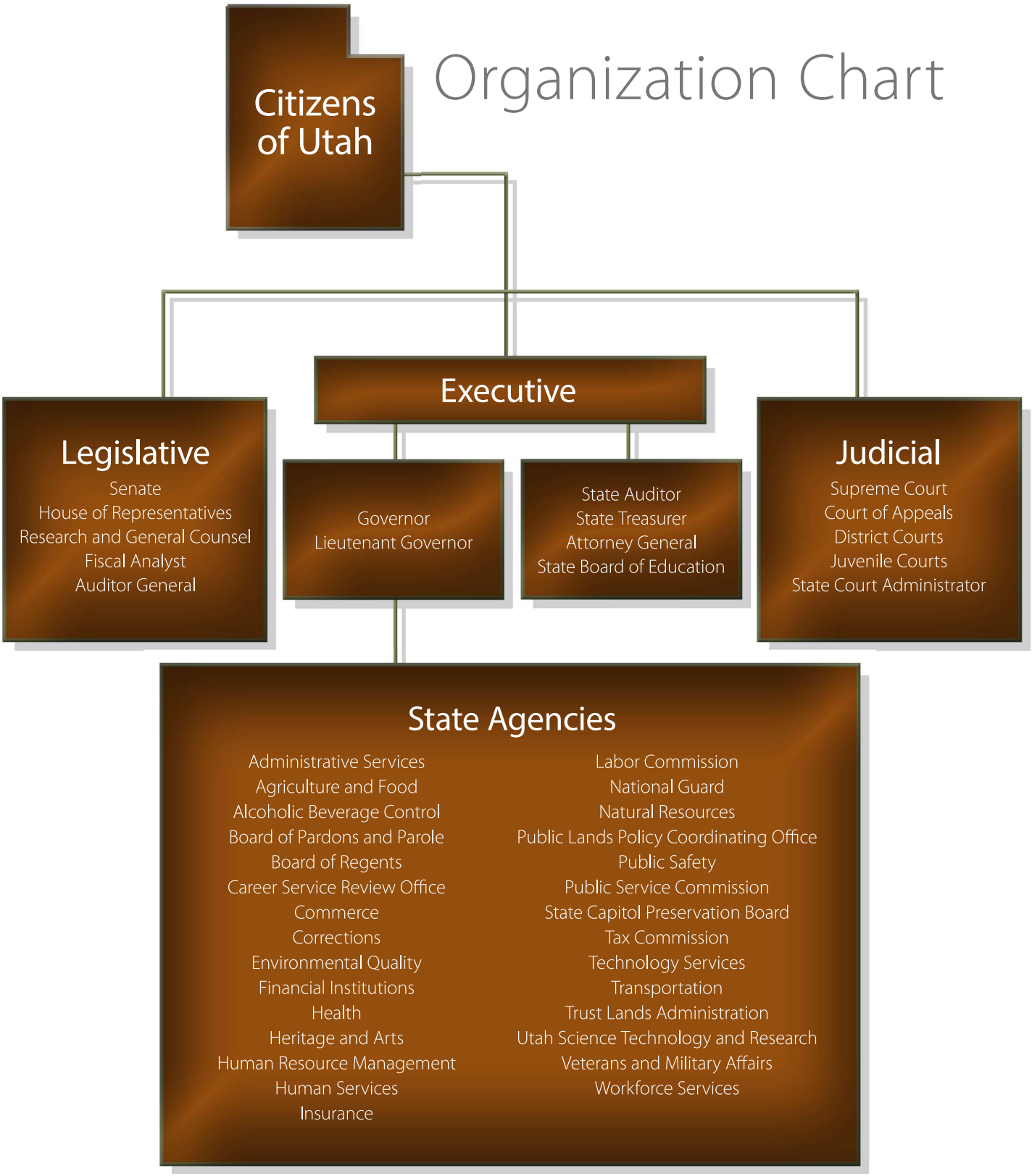
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015



Executive Director/CEO

Organization Chart



FINANCIAL SECTION

INDEPENDENT STATE AUDITOR'S REPORT

To Members of the Utah State Legislature
and
The Honorable Gary R. Herbert
Governor, State of Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah (State) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Employees Health Program, the University of Utah Hospital and Clinics (UUHC) and component units, or the Utah State University Research Foundation. These entities collectively represent 23 percent of the assets, 17 percent of the net position, and 41 percent of the revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of Utah Retirement Systems, which represent 64 percent of the assets, 63 percent of the net position/fund balances, and 15 percent of the revenues/additions of the aggregate remaining fund information. The financial statements for these entities were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following information—1) management's discussion and analysis (pages 17–29) and 2) the budgetary comparison schedules and information about the State's pension plans, other postemployment benefit plans, and infrastructure assets reported using the modified approach (pages 142–163)—be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information, such as the combining and individual fund financial statements and schedules, and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules (pages 167–233) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial

statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections (pages 1–12 and 237–275, respectively) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 8, 2016, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Office of the Utah State Auditor

Office of the Utah State Auditor
November 8, 2016

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and condition, providing an overview of the State's activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $23.595 billion (reported as net position). Of this amount, $2.180 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $21.415 billion is restricted for specific uses or invested in capital assets.

- The State's total net position increased by $888.9 million or 3.9 percent over the prior year. Net position of governmental activities increased by $783.8 million or 4 percent. Net position of business-type activities increased by $105.1 million or 3.3 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $5.421 billion, an increase of $55.6 million in comparison with the prior year. Approximately 33 percent or $1.792 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.

- The General Fund ended the fiscal year with a $7.2 million unassigned fund balance. This unassigned fund balance is after statutory transfers of $8.8 million to the Medicaid Budget Stabilization Account, $2.4 million to the General Fund Budget Reserve Account (Rainy Day Fund), and $2.4 million to the Wildland Fire Suppression Fund.

- The Education Fund ended the year with zero dollar surplus by using $2.2 million of the $100.5 million Education Fund budgeted revenues set aside for fiscal year 2017. Because there was no revenue surplus, there were no statutory transfers from the Education Fund to the Education Budget Reserve Account.

- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund), Medicaid Budget Stabilization Account, and Education Budget Reserve Account, ended the fiscal year with balances of $143.6 million, $25.9 million and $349.5 million, respectively.

- Sales tax revenues in the governmental funds increased $98.5 million or 4.5 percent, compared to $83.1 million or 3.9 percent increase in the prior year. Total tax revenues increased $30 million or 1.4 percent in the General Fund and $155.2 million or 4.3 percent in the Education Fund.

Long-term Debt

- The State's long-term bonded debt decreased a net $547 million or 11.5 percent. General obligation bonds for the primary government decreased $364.5 million or 12.4 percent, while revenue bonds for the primary government decreased $182.5 million or 10.1 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Statements — Reporting the State as a Whole

The Statement of Net Position and the Statement of Activities beginning on page 33 together comprise the *government-wide financial statements*. These statements provide a broad overview of the State's finances as a whole with a long-term focus and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's *net position* – the difference between assets and deferred outflows of resources, compared to liabilities and deferred inflows of resources – and how it has changed from the prior year. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

- *Governmental Activities* – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

- *Business-type Activities* – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water loan programs, and liquor sales are examples of business-type activities.

- *Component Units* – A number of entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Communications Authority, and Utah State Fair Corporation are examples of component units.

Fund Financial Statements — Reporting the State's Most Significant Funds

The fund financial statements beginning on page 38 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach:

- *Governmental Funds* – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at yearend that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

- *Proprietary Funds* – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector companies. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water loans to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities.* Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

- *Fiduciary Funds* – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting, but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

Reconciliation between Government-wide and Fund Statements

The financial statements include schedules on pages 40 and 44 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full accrual basis of accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual basis of accounting, short-term focus). The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred inflows of resources (unavailable revenue) on the governmental fund statements.

Notes to the Financial Statements
The notes beginning on page 64 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information (RSI)
Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. In addition, the RSI includes up to ten years of information on the State's pension plans, including schedules on the employer proportionate share of the net pension liability, changes in the net pension liability, and employer contributions. RSI also includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plans. RSI further supports the information in the basic financial statements.

Supplementary Information
Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor enterprise, internal service funds, fiduciary funds, and for nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriations Acts*.

Statistical Section
This section provides up to ten years of financial, economic, and demographic information.

Adjustments to Beginning Net Position
As described in Note 2 of the financial statements on page 73, beginning net position was adjusted as noted below. To enhance comparability, all amounts presented for fiscal year 2016 in this discussion and analysis were revised, to reflect these changes as if the changes had been made in the prior year.

- $1.94 million increase in governmental activities – required by legislation and board action as described in Note 2 of the financial statements on page 73.
- $367 thousand decrease in business-type activities – implementation of GASB Statement 68 for the Utah Dairy Commission.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position
The State's total net position increased $888.9 million or 3.9 percent in fiscal year 2016. In comparison, net position in the prior year increased $601.7 million or 2.7 percent. The increase in total net position reflects an economy that continues to improve and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total invested in capital assets net of related debt increased $692.4 million or 4.7 percent as the State's investment in highways and buildings exceeded depreciation and the net additional debt that was incurred to finance capital-related projects.
- *Restricted Net Position* – Total restricted net position increased $62.1 million or 1.1 percent over the prior year:
  Restricted net position of governmental activities decreased $27.6 million or 0.7 percent. The decrease was due to a $112.1 million or 7.9 percent decrease in the net position of expendable public education as less was set aside for future appropriations. This decrease was partially offset by the following increases. Net assets restricted for transportation increased 61.6 million or 44.2 percent due in part to an increase in unspent restricted revenues from a new 4.9 cent per gallon gas tax and an increase in gallons sold. Nonexpendable public education net assets increased $22.6 million or 1 percent due to revenues generated from land use and gains on the sale of trust lands in the permanent Trust Lands Fund.

Restricted net position of business-type activities increased by $89.7 million or 4.5 percent, primarily due to a $76.6 million increase in the Unemployment Compensation Fund as unemployment compensation revenues exceeded related claims. Restricted net position within Water Loan Programs also increased $13.1 million due to additional loan capital provided from federal grants and investment income.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities increased $122.7 million or 13.8 percent due to the amount unspent and carried forwarded in capital projects. Unrestricted net position in business-type activities increased $11.7 million or 1 percent because the State provided additional capital for the Water Loan Programs from dedicated sales tax revenues, which was offset by small decreases in other business activities.

State of Utah
Net Position as of June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Current and Other Assets	$ 7,166,486	$ 7,038,832	$ 5,571,153	$ 5,950,516	$ 12,737,639	$ 12,989,348
Capital Assets	18,027,135	17,639,960	90,715	91,945	18,117,850	17,731,905
Total Assets	**$ 25,193,621**	**$ 24,678,792**	**$ 5,661,868**	**$ 6,042,461**	**$ 30,855,489**	**$ 30,721,253**
Deferred Outflows of Resources	**$ 392,288**	**$ 155,542**	**$ 11,979**	**$ 7,927**	**$ 404,267**	**$ 163,469**
Current and Other Liabilities	$ 1,041,096	$ 1,002,892	$ 56,342	$ 59,265	$ 1,097,438	$ 1,062,157
Long-term Liabilities	4,092,443	4,188,850	2,321,605	2,811,033	6,414,048	6,999,883
Total Liabilities	**$ 5,133,539**	**$ 5,191,742**	**$ 2,377,947**	**$ 2,870,298**	**$ 7,511,486**	**$ 8,062,040**
Deferred Inflows of Resources	**$ 112,915**	**$ 86,967**	**$ 40,802**	**$ 30,075**	**$ 153,717**	**$ 117,042**
Net Position:						
Net Investment in Capital Assets	$ 15,478,397	$ 14,789,631	$ 20,384	$ 16,740	$ 15,498,781	$ 14,806,371
Restricted	3,849,854	3,877,468	2,065,552	1,975,859	5,915,406	5,853,327
Unrestricted	1,011,204	888,526	1,169,162	1,157,416	2,180,366	2,045,942
Total Net Position	**$ 20,339,455**	**$ 19,555,625**	**$ 3,255,098**	**$ 3,150,015**	**$ 23,594,553**	**$ 22,705,640**
Percent change in total Net Position from prior year	4.0 %		3.3 %		3.9 %	

The largest component of the State's net position, 65.7 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net position comprises 25.1 percent of total net position and is subject to constitutional, legal, or external constraints on use. Net position that is restricted by the *Constitution of Utah* includes individual income and corporate income taxes that can be used only for public and higher education costs and proceeds from fees, taxes, and other charges related to motor vehicles that can be used only for transportation expenses.

The remaining balance of unrestricted net position may be used to meet the State's ongoing obligations, though certain laws and internally imposed commitments or assignments of resources further limit the purposes for which much of the net position may be used.

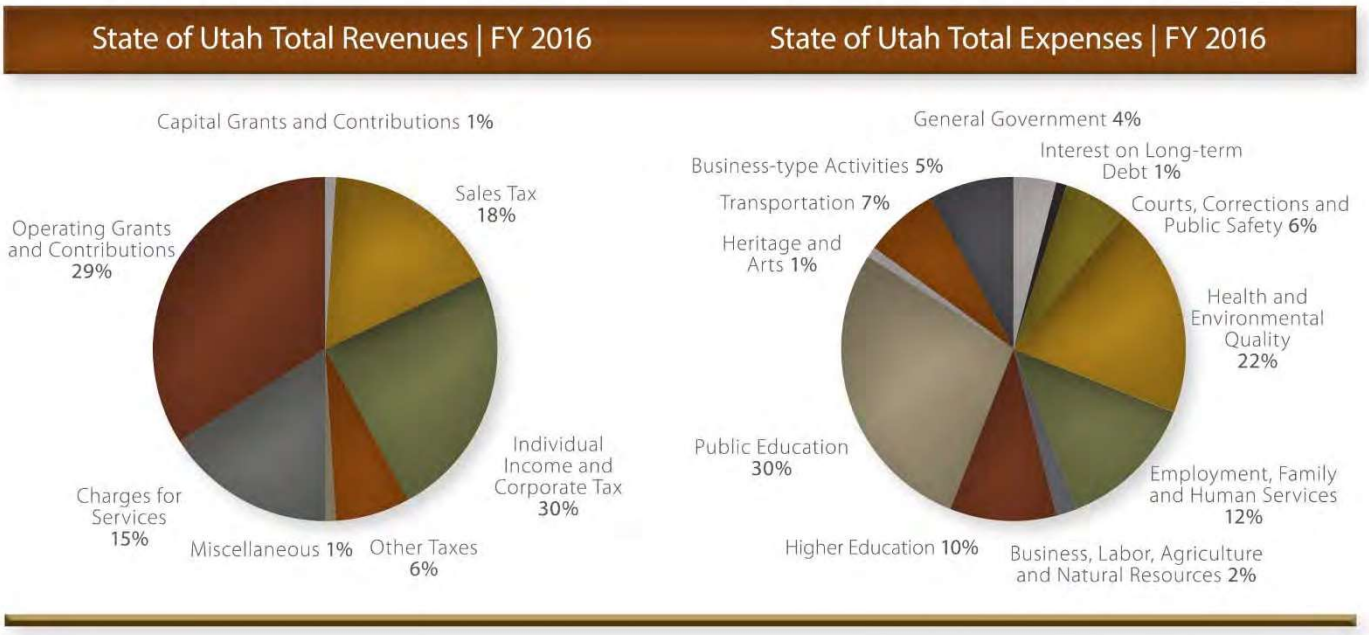
The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2016:

(Table on next page)

State of Utah
Changes in Net Position
for the Fiscal Year Ended June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015 to 2016
Revenues							
General Revenues:							
Taxes	$ 6,856,498	$ 6,614,150	$ 29,841	$ 28,384	$ 6,886,339	$ 6,642,534	3.7 %
Other General Revenues	119,295	130,551	45,318	—	164,613	130,551	26.1 %
Program Revenues:							
Charges for Services	1,113,067	1,133,690	767,487	766,938	1,880,554	1,900,628	(1.1)%
Operating Grants and Contributions	3,632,735	3,717,276	46,118	89,903	3,678,853	3,807,179	(3.4)%
Capital Grants and Contributions	87,942	114,490	—	—	87,942	114,490	(23.2)%
Total Revenues	**11,809,537**	**11,710,157**	**888,764**	**885,225**	**12,698,301**	**12,595,382**	0.8 %
Expenses							
General Government	457,564	442,340	—	—	457,564	442,340	3.4 %
Human Services/Juvenile Justice Services	765,027	718,731	—	—	765,027	718,731	6.4 %
Corrections	282,538	273,695	—	—	282,538	273,695	3.2 %
Public Safety	245,598	231,250	—	—	245,598	231,250	6.2 %
Courts	142,913	129,951	—	—	142,913	129,951	10.0 %
Health and Environmental Quality	2,600,928	2,503,794	—	—	2,600,928	2,503,794	3.9 %
Higher Education	1,137,364	1,004,382	—	—	1,137,364	1,004,382	13.2 %
Employment and Family Services	710,018	724,477	—	—	710,018	724,477	(2.0)%
Natural Resources	198,190	194,026	—	—	198,190	194,026	2.1 %
Heritage and Arts	27,048	23,207	—	—	27,048	23,207	16.6 %
Business, Labor, and Agriculture	112,809	100,566	—	—	112,809	100,566	12.2 %
Public Education	3,554,337	3,338,653	—	—	3,554,337	3,338,653	6.5 %
Transportation	825,923	797,392	—	—	825,923	797,392	3.6 %
Interest and Charges on Long-term Debt	93,598	98,442	—	—	93,598	98,442	(4.9)%
Student Assistance Programs	—	—	154,247	111,437	154,247	111,437	38.4 %
Unemployment Compensation	—	—	182,516	177,105	182,516	177,105	3.1 %
Water Loan Programs	—	—	14,913	18,276	14,913	18,276	(18.4)%
Community and Economic Loan Programs	—	—	5,253	2,967	5,253	2,967	77.0 %
Liquor Retail Sales	—	—	260,755	242,933	260,755	242,933	7.3 %
Other Business-type Activities	—	—	37,849	36,720	37,849	36,720	3.1 %
Total Expenses	**11,153,855**	**10,580,906**	**655,533**	**589,438**	**11,809,388**	**11,170,344**	5.7 %
Excess (deficit) Before Transfers	655,682	1,129,251	233,231	295,787	888,913	1,425,038	
Transfers	128,148	109,028	(128,148)	(109,028)	—	—	
Special Item:							
Comprehensive Health Ins. Pool Transfer	—	16,288	—	—	—	16,288	
Change in Net Position	**783,830**	**1,254,567**	**105,083**	**186,759**	**888,913**	**1,441,326**	
Net Position – Beginning	19,555,625	19,122,048	3,150,015	2,980,333	22,705,640	22,102,381	
Adjustment to Beginning Net position	—	(820,990)	—	(17,077)	—	(838,067)	
Net Position – Beginning as Adjusted	19,555,625	18,301,058	3,150,015	2,963,256	22,705,640	21,264,314	
Net Position – Ending	**$ 20,339,455**	**$ 19,555,625**	**$ 3,255,098**	**$ 3,150,015**	**$ 23,594,553**	**$ 22,705,640**	3.9 %

(*Charts on next page.*)


State of Utah Total Revenues | FY 2016
Capital Grants and Contributions 1%
Sales Tax 18%
Operating Grants and Contributions 29%
Individual Income and Corporate Tax 30%
Charges for Services 15%
Miscellaneous 1%
Other Taxes 6%
State of Utah Total Expenses | FY 2016
General Government 4%
Interest on Long-term Debt 1%
Business-type Activities 5%
Transportation 7%
Courts, Corrections and Public Safety 6%
Heritage and Arts 1%
Health and Environmental Quality 22%
Public Education 30%
Employment, Family and Human Services 12%
Higher Education 10%
Business, Labor, Agriculture and Natural Resources 2%

Changes in Net Position

This year the State received 54.2 percent of its revenues from state taxes and 29.7 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 52.7 percent and grants and contributions were 31.1 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 16.1 percent of total revenues in fiscal year 2016, and the same percentage in fiscal year 2015.

Governmental Activities

The State's total governmental revenues from all sources increased $99.4 million or 0.9 percent. Tax revenues increased $242.3 million or 3.7 percent due to continued improvement in the economy. These increases are similar to the increase at the fund level. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of Higher Education and Transportation, as discussed below, other significant changes in governmental activities' revenues and expenses mirror the changes in the governmental funds. For further discussion, see the section entitled "Financial Analysis of the State's Governmental Funds" on page 23.

- *Higher Education* – Expenses increased $133 million, as compared to the prior year, due to an increase in the amount spent by the primary government for building projects completed and transferred to colleges and universities. When these buildings are completed, ownership is transferred to the colleges and universities and reported as expenses on the government-wide statements. However, there is no impact on the governmental fund statements.
- *Transportation* – Expenses increased $28.5 million, as compared to the prior year, due to a decrease in the amount spent for capital outlay (i.e. land, state roads, and bridges). In the prior year, expenses were lower because the amount expended for capital outlay was higher. The amount expended for capital outlay is not reported as expenses but as an asset on the government-wide statements.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2016, program revenues covered $4.834 billion, or 43.3 percent of $11.154 billion total program expenses. For the remaining $6.320 billion or 56.7 percent of program expenses, the State relied on state taxes and other general revenues.

(Table on next page)

State of Utah
Net Cost of Governmental Activities

(Expressed in Thousands)

	Program Expenses	Less Program Revenues	Net Program (Expenses) / Revenues		Program Revenues as a Percentage of Program Expenses	
	2016	2016	2016	2015	2016	2015
General Government	$ 457,564	$ 276,688	$ (180,876)	$ (76,510)	60.5 %	82.7 %
Human Services/Juvenile Justice Services	765,027	330,160	(434,867)	(409,939)	43.2 %	43.0 %
Corrections	282,538	4,168	(278,370)	(268,251)	1.5 %	2.0 %
Public Safety	245,598	145,951	(99,647)	(62,020)	59.4 %	73.2 %
Courts	142,913	54,486	(88,427)	(72,061)	38.1 %	44.5 %
Health and Environmental Quality	2,600,928	2,125,447	(475,481)	(480,286)	81.7 %	80.8 %
Higher Education	1,137,364	1,163	(1,136,201)	(1,002,717)	0.1 %	0.2 %
Employment and Family Services	710,018	586,703	(123,315)	(150,139)	82.6 %	79.3 %
Natural Resources	198,190	131,815	(66,375)	(62,742)	66.5 %	67.7 %
Heritage and Arts	27,048	10,830	(16,218)	(13,629)	40.0 %	41.3 %
Business, Labor, and Agriculture	112,809	108,947	(3,862)	1,965	96.6 %	102.0 %
Public Education	3,554,337	536,483	(3,017,854)	(2,684,824)	15.1 %	19.6 %
Transportation	825,923	520,903	(305,020)	(235,855)	63.1 %	70.4 %
Interest and Charges on Long-term Debt	93,598	—	(93,598)	(98,442)	0.0 %	0.0 %
Total Governmental Activities	**$ 11,153,855**	**$ 4,833,744**	**$ (6,320,111)**	**$ (5,615,450)**	43.3 %	46.9 %

Business-type Activities
Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds, except that the State's proprietary funds provide detail summarized by program or fund, while the business-type activity is presented overall. The changes in the State's proprietary funds are detailed in the section entitled "Financial Analysis of the State's Proprietary Funds" on page 27. Overall, revenues from the State's business-type activities increased $3.5 million or 0.4 percent from the prior year. Other general revenues increased $45.3 million due to a reclassification of investment income to other general revenues from operating grants and contributions. This change was made to comply with applicable accounting standards. Charges for services increased slightly by $546 thousand. These increases were offset by a $43.8 million decrease in operating grants and contributions mainly due to the reclassification of investment income, as described above. Total expenses for the State's business-type activities increased $66.1 million or 11.2 percent. This increase was primarily due to a $42.8 million increase in expenses in the Student Assistance Programs related to an increase in interest expense as a result of a significant increase in student loans receivable in the prior year and corresponding increase in student loan revenue bonds and notes payable. Expenses related to liquor retail sales also increased $17.8 million.

All of the State's business-type activities operate primarily from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales tax revenues and the Community Impact Loan Fund that receives federal mineral lease revenues transferred from the General Fund to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund to be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales tax revenues in the water and agriculture loan programs.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Adjustments to Beginning Fund Balances
As described in Note 2 of the financial statements on page 73, beginning fund balances of governmental funds were adjusted as noted below. To enhance comparability, all amounts presented for fiscal year 2015 in this discussion and analysis were restated to reflect these changes, as if the changes had been made in the prior year.

- $3.472 million increase in General Fund – required by legislation and board action.
- $506 thousand increase in Education Fund (major special revenue fund) – required by legislation and board action.
- $2.952 million decrease in Transportation Fund (major special revenue fund) – required by legislation and board action.
- $914 thousand increase in Miscellaneous Special Revenue (nonmajor special revenue fund) – reclassification of the Water Commissioner Fund from a fiduciary fund to a nonmajor special revenue fund, as required by legislation.

Fund Balances

At June 30, 2016, the State's governmental funds reported combined ending fund balances of $5.421 billion. Of this amount, $2.415 billion or 44.6 percent is nonspendable, either due to its form or legal constraints, and $1.214 billion or 22.4 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, and mineral lease revenues are included in restricted fund balance. An additional $1.305 billion or 24.1 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional $479 million or 8.8 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $7.2 million or 0.1 percent of fund balance is unassigned and available for future appropriations.

State of Utah
Governmental Fund Balances as of June 30, 2016
(Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable	$ 133,926	$ —	$ 13,990	$ —	$ 2,267,538	$ —	$ 2,415,454
Restricted	38,124	848,157	206,811	2,393	—	118,080	1,213,565
Committed	546,782	—	51,959	480,070	—	226,501	1,305,312
Assigned	132,126	—	—	—	—	347,321	479,447
Unassigned	7,196	—	—	—	—	—	7,196
Total	**$ 858,154**	**$ 848,157**	**$ 272,760**	**$ 482,463**	**$ 2,267,538**	**$ 691,902**	**$ 5,420,974**
Percent change from prior year	(5.8)%	(15.4)%	30.8 %	(15.3)%	1.0 %	61.6 %	1.0 %

General Fund

The General Fund's total fund balance decreased by $53.3 million or 5.8 percent in fiscal year 2016. The General Fund ended the year with a $7.2 million surplus, or unassigned fund balance due to the lapsing of unspent budgeted dollars. In the prior year, the General Fund ended the year with a zero dollar surplus, or unassigned fund balance.

Specific changes in the General Fund balance included the following:

- Nonspendable fund balance increased by $9.3 million or 7.5 percent. Prepaid items increased $9.8 million due to increases in payments for accountable care organization (ACO), substance abuse, mental health, Children's Health Insurance Plan (CHIP), and dental programs – all within the Medicaid program that require payments in advance. This increase was offset by slight decreases in the long-term portion of loans receivable and inventory.
- Restricted fund balance increased by $3.8 million or 11.2 percent due to increases in revenues set aside for specific purposes due to constraints that are imposed externally or by law.
- Committed fund balance increased by $50 million or 10.1 percent due in part to a $23.3 million increase in agency carry-forward monies. Monies set aside for specific purposes increased $15.5 million. The remaining increase was due to yearend statutory transfers to the Medicaid Budget Stabilization Account ($8.8 million) and the General Fund Budget Reserve Account ($2.4 million). The General Fund Budget Reserve Account ended the year with a balance of $143.6 million.
- Assigned fund balance decreased by $123.7 million or 48.4 percent. The decrease was primarily due to a $116.5 million decrease in the amount set aside for next year's budget, in addition to small decreases in various assigned sources.

Total tax collections in the General Fund increased $30 million or 1.4 percent. Sales and use tax increased $59 million, or 3.4 percent. Other taxes decreased $29 million or 8.1 percent primarily due to a $40.6 million decrease in severance tax as a result of lower energy prices and a decline in production. This decrease was offset by a $13.1 million increase in insurance premium tax. Overall, sales tax revenue in all governmental funds increased $98.5 million or 4.5 percent due to moderate growth in the Utah economy.

Total General Fund non-tax revenues increased $32.6 million or 0.9 percent, explained as follows: Federal contracts and grants increased $97.2 million or 3.7 percent primarily due to a $90.5 million increase in federal funding for the CHIP and Medicaid Programs and a $6.2 million increase in federal funds provided for family health and preparedness. Additional details regarding the change in federal contracts and grants are provided below in terms of the corresponding changes in expenditures. Charges for services increased $16.7 million, or 3.7 percent driven by demand for government services. These increases were offset by the decreases in other non-tax revenue as follows. Federal mineral lease revenue decreased $69.4 million or 50.1 percent due to lower

energy prices and a decline in production. Miscellaneous and other revenue decreased $13.1 million or 5.1 percent primarily due to $15.1 million in one-time health insurance rebates received in the prior year, offset by small increases in various other miscellaneous revenues.

Overall, total General Fund expenditures increased by $249 million or 4 percent as the State responded to an improving economy and an increase in the public's demand for some government services. Significant changes in expenditures occurred in the following areas:

- *Health and Environmental Quality* – Total expenditures increased $105 million or 4.2 percent due to growth in both Medicaid and CHIP programs. These increases were primarily due to: 1) caseload growth; 2) authorized rate increases, including managed health care; and 3) the costs of federal programs, including Disproportionate Share Hospitals (hospitals that serve a low-income and uninsured patients) and Medicare Parts B and D.
- *Higher Education* – Total expenditures increased $53.9 million or 5.9 percent due to an increase in state appropriations. Funding was provided for higher education employee compensation and benefit increases. Major new state-funded system-wide initiatives included: 1) $9 million for performance-based funding; 2) $4.5 million for the Engineering Initiative; 3) $4 million for Research and Graduate programs; and 4) $3 million for the Board of Regents' Scholarship. Other initiatives included: 1) $4.9 million for operations and maintenance of new state-funded buildings; 2) $3 million for UCAT campus equity funding; and 3) $1.9 million for the Math Competency Initiative. The Utah Education and Telehealth Network was provided an additional $9.8 million. The balance of the increase resulted from smaller increases at the institution level.
- *Human Services and Juvenile Justice Services* – Total expenditures increased $41.8 million or 5.8 percent due in part to a $27.1 million increase in services for people with disabilities, as additional funding was provided for an increase in salaries for direct care service workers. Expenditures also increased $5.7 million for substance abuse and mental health treatment programs, which included $4.5 million for the Justice Reinvestment Initiative. This initiative holds offenders accountable while securing our communities in a way that takes into account individual risks and treatment needs. The balance of the increase was due to additional funding provided for services and cost items across all programs.
- *General Government* – Total expenditures increased $30.4 million or 8.7 percent primarily due to a $21.5 million increase to provide funding for the Hill Air Force Base Falcon Hill Software building (a non-state project). An additional $2 million was spent to increase payments to local jails housing state offenders. Attorney General expenditures increased $5 million, including $2 million to expand staff and provide salary equity adjustments, $1.1 million for a new information technology case management system, and $1 million for litigation related to the protection of the sage grouse. The balance of the increase in general government expenditures resulted from smaller increases in various other programs.

In addition to the significant changes in expenditures described above, the increase in overall expenditures is also due to a $25.4 million increase as a result of a 2.25 percent salary increase for most state employees, a 0.75 percent market comparability adjustment, and increases in health insurance costs.

Budgetary Highlights — General Fund

The Legislature adopted the initial fiscal year 2016 budget during the 2015 General Session (January to March 2015). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2016, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 2.7 percent higher than the final fiscal year 2015 budget. The increase was primarily due to growth in the sales and use tax due to the improving economy. Budgeted expenditures were 10.9 percent higher than the final fiscal year 2015 budget. The Governor and Legislature were able to balance the original fiscal year 2016 budget with revenue growth, one-time monies, legislative changes to revenue, and targeted base budget reductions.

The fiscal year 2016 budget was again addressed during the 2016 General Session of the Legislature (January to March 2016). General revenue estimates had decreased $63.8 million from the original consensus estimates adopted during the 2015 General Session due to projected decreases in sales tax, severance tax, and insurance premium tax. Despite the projected decreases, revenue estimates and base budget resources allowed the Legislature to set aside $47.7 million for fiscal year 2017 appropriations. The Governor called the Legislature into a Third Special Session in July 2016, during which an additional $10 million was set aside for fiscal 2017 appropriations. In the end, taxes and other general revenues ended the year $14.2 million above final budgeted amounts.

Final budgets of department-specific revenue sources decreased from original budgets primarily due to a decrease in expected federal contracts and grants. Actual department-specific revenues decreased from final budgets due to a decrease in the state mineral lease revenue. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The

difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year.

Education Fund
Restricted fund balance in the Education Fund decreased by $154.5 million or 15.4 percent from the prior year as expenditures and transfers out exceeded revenues. The amount unspent and carried forward for education decreased by $7.1 million. Amounts set aside for fiscal year 2017 appropriations decreased by $107.9 million. Tax accruals restricted by law for education increased by $14.1 million.

In addition, the Education Fund ended the year with a zero dollar surplus by using $2.2 million restricted and budgeted to be used for fiscal year 2017 to cover revenue shortfalls that occurred in fiscal year 2016. There were no statutory transfers to the Education Fund Budget Reserve Account, a budget stabilization account, which ended the year with a balance of $349.5 million.

Overall, total revenue in the Education Fund increased by $177.5 million or 4.3 percent. Individual income tax increased by $181.6 million or 5.7 percent primarily due to an economy that is growing steadily and sustainably. Corporate income tax decreased $26.4 million or 7.2 percent largely due to weaker corporate profits caused by the stronger dollar and diminished revenue growth. Charges for services increased by $8.9 million due to an increase in reimbursements that were previously recorded as a reduction of expenditures, but were re-evaluated. Investment income increased by $5.9 million. Federal contracts and grants increased by $5.4 million. Miscellaneous other revenue increased by $1.8 million due to an increase in liquor sales allocated by law for school lunch.

Overall, expenditures increased by $215.3 million or 6.4 percent in the Education Fund. The increase was primarily due to a $170.7 million increase in the Minimum School Program to provide for student enrollment growth and to increase the weighted pupil unit value, which is the primary funding mechanism for public education. Expenditures also increased by $18.8 million for the School Building Program. Expenditures for Initiative Programs increased by $8.7 million as grants were provided to low performing schools. Expenditures for Child Nutrition also increased $7.2 million.

Transportation Fund
Total fund balance in the Transportation Fund increased $64.2 million or 30.8 percent from the prior year. Restricted fund balance increased by $61.4 million or 42.3 percent primarily due to an increase in the unspent balance of restricted revenues, mainly an increase in motor and special fuels tax, as explained below. Committed fund balance increased $2.5 million or 5.1 percent due to an increase in unspent sales and use tax collections for highway projects at yearend. Assigned fund balance decreased by $150 thousand or 100 percent as unspent general revenues from the prior year were utilized. Nonspendable inventory increased by $385 thousand or 2.8 percent.

Overall, transportation revenues increased by $24.5 million or 2.6 percent. The increase resulted from the following changes in revenue as compared to the prior year:

- Motor and special fuels tax increased $53.9 million or 14.5 percent due in part to a new 4.9 cent per gallon gas tax and also due to an increase in gallons sold as consumers took advantage of lower gas prices.
- Miscellaneous and other revenues increased $18 million or 51 percent due to an increase in revenue from local governments provided for construction projects.
- Sales and use tax revenues statutorily designated for transportation projects increased $2.6 million or 6 percent as a result of an improving economy.
- Charges for services decreased by $44.2 million or 49.2 percent, primarily due to $30 million of internal transactions between divisions that were re-evaluated and eliminated. The remaining decrease was due to certain revenue related to local governments that was re-evaluated and is no longer reported in the Transportation Fund, but was moved to an agency fund.
- Federal contracts and grants decreased by $8.4 million or 2.6 percent as a result of timing differences related to highway construction projects.

Expenditures for the Transportation Fund decreased by $68.4 million or 7.6 percent in part due to $30 million elimination of transactions between divisions, as described above in terms of the decrease in revenue. The balance of the decrease was due to timing differences related to highway construction projects, as explained below. Net other financing sources (uses) increased by $8.6 million or 9.9 percent due to a decrease in transfers out for bond payments.

Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such

as environmental studies or existing weather conditions. In addition, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund.

Transportation Investment Fund
Fund balance in the Transportation Investment Fund decreased by $87.1 million or 15.3 percent from the prior year. Restricted fund balance decreased a slight $430 thousand or 15.2 percent due to a change in the fair value of investments. Committed fund balance decreased by $86.7 million or 15.3 percent due to the increase in expenditures which utilized sales and use tax revenue that was unspent in the prior year.

Overall, revenues increased $39.8 million or 7.8 percent. Sales and use tax revenues, statutorily reallocated from use in the General Fund to use for highway projects, increased $36.7 million or 8.6 percent. License, permits and fees increased $3.3 million or 4.3 percent as the result of an increase in motor vehicle registration fees. Other financing sources (uses) decreased by $47.8 million or 14.3 percent due to an increase in transfers out for bond payments. Expenditures increased by $21.8 million or 6.8 percent from the prior year due to increased spending on highway construction projects.

Trust Lands Fund
The fund balance of the permanent Trust Lands Fund increased by $22.6 million or 1 percent from the prior year. The increase resulted from revenue of $32 million generated from land use and $23.3 million from gains on the sale of land. This revenue was offset by a $34.5 million decrease in investment values because of general market conditions. The permanent fund also generated $49.9 million of cash investment earnings that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity (nonspendable) with earnings restricted primarily to support public education.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs
The net position of the Student Assistance Programs decreased $3.4 million or 0.93 percent from the prior year due to changes in total assets, liabilities and deferred inflows of resources. Total assets decreased $479.8 million primarily due to a decrease in student loans receivable and interest receivable. These programs received $507 million in principal payments on student loans during the fiscal year. Total liabilities decreased $486.6 million primarily due to decreases in revenue bonds payable and line of credit because the programs paid $483.7 million in principal on student loan revenue bonds and notes, and line of credit during the fiscal year. These decreases were offset by a $10.2 million increase in deferred inflows of resources as a result of an increase in the fair value of interest rate swap agreements. Of total net position of $364.7 million, $320.8 million is restricted for use within the programs by bond covenants or federal law.

Unemployment Compensation Fund
The State's average unemployment rate for the fiscal year 2016 increased slightly from the prior year. Employer tax revenue decreased $55 million or 18.6 percent due to an overall contribution rate decrease from the prior year. Expenses increased $5.4 million or 3.1 percent due to a slight increase in claims volume. Employer taxes and other revenues exceeded benefit payments resulting in the increase of net position of $76.6 million or 7.4 percent. The entire net position of $1 billion is restricted for use within the programs by state and federal law.

Water Loan Programs
The net position of the Water Loan Programs increased $35.9 million or 3.9 percent from the prior year. Additional capital for loans was provided from $29.3 million in dedicated sales tax revenues, $14 million in investment income, and $11.3 million in federal grants. These increases were offset by program grant expenses of $9 million, other operating expenses of $4.2 million, and interest expense of $1.7 million. Of total net position of $949.6 million, $435.7 million is restricted for use within the Water Loan Programs by federal grant requirements and $160.6 million is restricted pursuant to bond agreements within the programs.

Community Impact Loan Fund
The net position of the community Impact Loan fund decreased $4.6 million or 0.7 percent from the prior year, primarily due to investment income of $8.6 million and federal contracts and grants of $5.1 million offset by $17.5 million transferred out of the fund for community development programs. There is no restriction on the fund's net position.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The State's capital assets increased a net $385.9 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $234.6 million; land and related assets of $66.2 million; construction in progress of $56.6 million; building and improvements of $21.1 million; and machinery and equipment of $9.8 million. There was a net decrease in software of $2.4 million. Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net position. As of June 30, 2016, the State had $196.9 million of outstanding debt related to capital assets of component units.

At June 30, 2016, the State had commitments in capital projects funds of $284.9 million for building projects and $217.6 million for highway construction and improvement projects. The State also had commitments of $404.9 million for road construction and other contract commitments in the Transportation Fund. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

The State has adopted an allowable alternative to reporting depreciation for state roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for state roads is to maintain a certain percentage of mileage at a "fair" or better condition. The Interstate system has a target of 95 percent rated as "fair" or better, Level 1 roads (over 1,000 Average Annual Daily Traffic) at 90 percent, and Level 2 roads (under 1,000 Average Annual Daily Traffic) at 80 percent. The most recent biannual condition assessment completed in 2015 indicated that 99.5 percent of Interstate and 92.7 percent of Level 1 roads were in "fair" or better condition. These results reflect maintaining Interstate and Level 1 roads above target percentages and are consistent with calendar year 2014, when 99.7 percent of Interstate and 91.7 percent of Level 1 were assessed as "fair" or better condition. In 2013 Level 2 roads were redefined to a 1,000 Average Annual Daily Traffic threshold (previously 2,000), resulting in the Level 2 percentage of roads at a "fair" or better condition dropping below the target in 2014. The 2015 assessment of Level 2 roads indicate that 79.2 percent were in "fair" or better condition, compared to 75.3 percent in 2014. The State has corrective processes in place to meet the Level 2 condition target by the next assessment.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 10 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2016, indicated that 70.9 percent and 1.4 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2015 when 73 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2016, the State spent $343.3 million to maintain and preserve roads and bridges. This amount is 44.1 percent above the estimated amount of $238.3 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 106, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 162 and 163.

Long-term Debt

The *Constitution of Utah* allows the State to contract debts not exceeding 1.5 percent of the value of the total taxable property of the State (i.e. constitutional debt limit). The Legislature authorizes general obligation indebtedness within this limit. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2016, the general obligation indebtedness of the State was $2.266 billion below the constitutional debt limit and $1.378 billion below the statutory debt limit.

Revenue bonds of the State Building Ownership Authority are not backed by the general taxing authority of the State, but are payable from revenue provided through appropriations of the Legislature or other operating revenues. Revenue bonds of the Student Assistance Programs and Water Loan Programs are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

State of Utah
Net Outstanding Bonded Debt as of June 30
(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015 to 2016
General Obligation Bonds	$ 2,585.2	$ 2,949.7	$ —	$ —	$ 2,585.2	$ 2,949.7	(12.4)%
Revenue Bonds:							
State Building Ownership Auth.	249.5	169.6	78.7	80.0	328.2	249.6	31.5 %
Student Assistance Programs	—	—	1,255.2	1,511.1	1,255.2	1,511.1	(16.9)%
Water Loan Programs	—	—	42.0	47.2	42.0	47.2	(11.0)%
Total Bonds Payable	**$ 2,834.7**	**$ 3,119.3**	**$ 1,375.9**	**$ 1,638.3**	**$ 4,210.6**	**$ 4,757.6**	(11.5)%

Total general obligation bonds payable net of premiums and discounts decreased $364.5 million. Revenue bonds payable net of premiums and discounts decreased $182.5 million for an overall net decrease of $547 million during the fiscal year. The State did not issue general obligation bonds during the fiscal year. The State issued a total of $98.15 million of revenue bonds to fund capital facility projects.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds from all three national rating agencies, and double-A rating on lease revenue bonds from two national rating agencies from which ratings were sought. These ratings are the best available and save millions of dollars in interest costs each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 109 contains more information about the State's outstanding debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates of the General Fund for fiscal year 2017 are 3.2 percent higher than actual fiscal year 2016 revenues. Original estimates of the Education Fund for fiscal year 2017 are 5.2 percent higher than actual fiscal year 2016 revenues. The Legislature balanced the 2017 budget through projected revenue growth, prior year reserves, and funding reallocations.

Preliminary data for fiscal year 2017 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.7 percent in 2016, a slight increase from the average 2015 rate of 3.5 percent. Taxable retail sales are expected to increase 5 percent in 2016 and increase 5.1 percent in 2017. Personal income is expected to increase 5.7 percent in 2016, and 5.1 percent in 2017. Because these indicators are measured on a calendar year basis, the impact on the State budget will not be fully realized until well into fiscal year 2017. The Governor and Legislature will review the fiscal year 2017 budget again during the upcoming 2017 General Session and take action as necessary to ensure a balanced budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at 2110 State Office Building, Salt Lake City, UT, 84114, phone (801) 538-3082 or by email to utahcafr@utah.gov. You may also visit our website at: www.finance.utah.gov.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements that include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Office of the Utah State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114 or online at auditor.utah.gov.

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BASIC FINANCIAL STATEMENTS

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Statement of Net Position

June 30, 2016 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,513,105	$ 1,583,673	$ 3,096,778	$ 857,497
Investments	1,324,789	28,964	1,353,753	2,970,495
Taxes Receivable, net	1,183,200	3,142	1,186,342	—
Accounts and Interest Receivable, net	538,616	159,372	697,988	552,676
Amounts Due From:				
Component Units	79,719	—	79,719	—
Primary Government	—	—	—	697
Prepaid Items	112,662	395	113,057	19,784
Inventories	19,048	39,013	58,061	83,243
Internal Balances	16,628	(16,628)	—	—
Restricted Investments	2,174,319	115,586	2,289,905	942,932
Restricted Receivables	—	—	—	70,730
Notes/Loans/Mortgages/Pledges Receivable, net	9,700	3,532,435	3,542,135	74,918
Capital Lease Payments Receivable, net	94,665	—	94,665	—
Pledged Loans Receivables	—	125,198	125,198	—
Other Assets	100,035	3	100,038	67,186
Capital Assets:				
Land and Other Non-depreciable Assets	1,855,935	23,652	1,879,587	337,815
Infrastructure	13,788,115	—	13,788,115	—
Construction in Progress	847,479	189	847,668	333,760
Buildings, Equipment, and Other Depreciable Assets	2,944,265	114,324	3,058,589	8,083,855
Less Accumulated Depreciation	(1,408,659)	(47,450)	(1,456,109)	(3,711,361)
Total Capital Assets	18,027,135	90,715	18,117,850	5,044,069
Total Assets	$ 25,193,621	$ 5,661,868	$ 30,855,489	$ 10,684,227
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	$ 392,288	$ 11,979	$ 404,267	$ 143,567
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 954,652	$ 52,200	$ 1,006,852	$ 387,704
Amounts Due to:				
Component Units	671	26	697	—
Primary Government	—	—	—	79,719
Securities Lending	—	—	—	18,398
Unearned Revenue	85,773	4,064	89,837	148,183
Deposits	—	52	52	149,437
Long-term Liabilities:				
Due Within One Year	481,907	1,186,257	1,668,164	299,107
Due in More Than One Year	3,610,536	1,135,348	4,745,884	1,772,715
Total Liabilities	$ 5,133,539	$ 2,377,947	$ 7,511,486	$ 2,855,263
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	$ 112,915	$ 40,802	$ 153,717	$ 34,441
NET POSITION				
Net Investment in Capital Assets	$ 15,478,397	$ 20,384	$ 15,498,781	$ 3,793,134
Restricted for:				
Transportation	201,030	—	201,030	—
Public Education – Expendable	1,303,833	—	1,303,833	—
Public Education – Nonexpendable	2,267,538	—	2,267,538	—
Higher Education – Expendable	—	—	—	882,868
Higher Education – Nonexpendable	—	—	—	814,339
Capital Projects	—	—	—	—
Debt Service	—	160,619	160,619	—
Unemployment Compensation and Insurance Programs	6,530	1,035,887	1,042,417	189,344
Loan Programs	—	869,046	869,046	—
Other Purposes – Expendable	70,923	—	70,923	24,043
Unrestricted	1,011,204	1,169,162	2,180,366	2,234,362
Total Net Position	$ 20,339,455	$ 3,255,098	$ 23,594,553	$ 7,938,090

The Notes to the Financial Statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 457,564	$ 166,386	$ 110,302	$ —
Human Services and Juvenile Justice Services	765,027	10,725	319,435	—
Corrections	282,538	3,836	332	—
Public Safety	245,598	61,395	84,556	—
Courts	142,913	51,868	2,618	—
Health and Environmental Quality	2,600,928	325,024	1,800,423	—
Higher Education	1,137,364	—	1,163	—
Employment and Family Services	710,018	8,082	578,621	—
Natural Resources	198,190	90,561	41,254	—
Heritage and Arts	27,048	3,443	7,387	—
Business, Labor, and Agriculture	112,809	94,924	14,023	—
Public Education	3,554,337	89,269	447,214	—
Transportation	825,923	207,554	225,407	87,942
Interest and Other Charges on Long-term Debt	93,598	—	—	—
Total Governmental Activities	11,153,855	1,113,067	3,632,735	87,942
Business-type:				
Student Assistance Programs	154,247	123,218	26,513	—
Unemployment Compensation	182,516	240,709	(369)	—
Water Loan Programs	14,913	902	11,263	—
Community and Economic Loan Programs	5,253	3,208	8,408	—
Liquor Retail Sales	260,755	364,482	303	—
Other Business-type Activities	37,849	34,968	—	—
Total Business-type Activities	655,533	767,487	46,118	0
Total Primary Government	$ 11,809,388	$ 1,880,554	$ 3,678,853	$ 87,942
Component Units:				
Public Employees Health Program	$ 617,044	$ 580,477	$ 10,661	$ —
University of Utah	4,006,287	3,393,079	520,374	46,876
Utah State University	660,891	217,663	273,214	66,249
Nonmajor Colleges and Universities	1,147,975	485,791	248,791	101,720
Nonmajor Component Units	54,287	27,600	2,049	25,315
Total Component Units	$ 6,486,484	$ 4,704,610	$ 1,055,089	$ 240,160
General Revenues:				
Taxes:				
Sales and Use Tax				
Individual Income Tax Imposed for Education				
Corporate Tax Imposed for Education				
Motor and Special Fuel Taxes Imposed for Transportation				
Other Taxes				
Total Taxes				
Investment Income				
State Funding for Colleges and Universities				
State Funding for Other Component Units				
Gain on Sale of Capital Assets				
Miscellaneous				
Permanent Endowments Contributions				
Transfers—Internal Activities				
Total General Revenues, Contributions and Transfers				
Change in Net Position				
Net Position—Beginning				
Adjustment to Beginning Net Position				
Net Position—Beginning as Adjusted				
Net Position—Ending				

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (180,876)	$ —	$ (180,876)	$ —
(434,867)	—	(434,867)	—
(278,370)	—	(278,370)	—
(99,647)	—	(99,647)	—
(88,427)	—	(88,427)	—
(475,481)	—	(475,481)	—
(1,136,201)	—	(1,136,201)	—
(123,315)	—	(123,315)	—
(66,375)	—	(66,375)	—
(16,218)	—	(16,218)	—
(3,862)	—	(3,862)	—
(3,017,854)	—	(3,017,854)	—
(305,020)	—	(305,020)	—
(93,598)	—	(93,598)	—
(6,320,111)	0	(6,320,111)	0
—	(4,516)	(4,516)	—
—	57,824	57,824	—
—	(2,748)	(2,748)	—
—	6,363	6,363	—
—	104,030	104,030	—
—	(2,881)	(2,881)	—
0	158,072	158,072	0
(6,320,111)	158,072	(6,162,039)	0
—	—	—	(25,906)
—	—	—	(45,958)
—	—	—	(103,765)
—	—	—	(311,673)
—	—	—	677
0	0	0	(486,625)
2,300,368	29,841	2,330,209	—
3,435,425	—	3,435,425	—
340,539	—	340,539	—
425,366	—	425,366	—
354,800	—	354,800	—
6,856,498	29,841	6,886,339	0
9,365	45,318	54,683	11
—	—	—	934,320
—	—	—	35,943
27,048	—	27,048	(1,328)
82,882	—	82,882	165
—	—	—	32,541
128,148	(128,148)	—	—
7,103,941	(52,989)	7,050,952	1,001,652
783,830	105,083	888,913	515,027
19,553,685	3,150,382	22,704,067	7,433,124
1,940	(367)	1,573	(10,061)
19,555,625	3,150,015	22,705,640	7,423,063
$ 20,339,455	$ 3,255,098	$ 23,594,553	$ 7,938,090

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Governmental Fund Financial Statements

General Fund

This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

Education Fund

This fund accounts for all corporate and income taxes that support public and higher education in the State. This fund is also used to account for specific revenues and expenditures that support the public elementary and secondary schools.

Transportation Fund

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes, fees, and federal funds.

Transportation Investment Fund

This capital projects fund is used to account for revenues and expenditures associated with the construction and reconstruction of specific state and federal highways. Projects designated for the Transportation Investment Capacity program are accounted for within this fund. Funding is provided from highway general obligation bonds, federal funds, vehicle registration fees, sales and use taxes, and appropriations.

Trust Lands

This permanent fund accounts for land grants and the sale of lands received from the federal Enabling Act. The principal in the fund is perpetual with the earnings used primarily to support public education.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 168.

State of Utah

Balance Sheet
Governmental Funds

June 30, 2016 (Expressed in Thousands)

		Special Revenue		Capital Projects
	General	Education	Transportation	Transportation Investment
ASSETS				
Cash and Cash Equivalents	$ 628,573	$ 155,359	$ 248,875	$ —
Investments	64,182	404,727	55,667	446,176
Receivables:				
Accounts, net	318,050	117,110	72,473	—
Accrued Interest	77	—	—	—
Accrued Taxes, net	253,915	828,543	62,660	38,082
Notes/Mortgages, net	1,143	6,706	—	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	42,981	1,184	202	—
Due From Component Units	162	—	—	—
Prepaid Items	106,745	—	—	—
Inventories	434	—	13,990	—
Interfund Loans Receivable	54,258	—	—	—
Other Assets	—	—	—	—
Total Assets	$ 1,470,520	$ 1,513,629	$ 453,867	$ 484,258
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 437,261	$ 198,240	$ 166,936	$ —
Due To Other Funds	25,844	713	4,869	—
Due To Component Units	118	238	—	—
Unearned Revenue	63,238	2,287	7,704	—
Total Liabilities	526,461	201,478	179,509	0
Deferred Inflows of Resources:				
Unavailable Revenue	85,905	463,994	1,598	1,795
Total Deferred Inflows of Resources	85,905	463,994	1,598	1,795
Fund Balances:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	26,747	—	—	—
Prepaid Items	106,745	—	—	—
Inventories	434	—	13,990	—
Permanent Fund Principal	—	—	—	—
Restricted	38,124	848,157	206,811	2,393
Committed	546,782	—	51,959	480,070
Assigned	132,126	—	—	—
Unassigned	7,196	—	—	—
Total Fund Balances	858,154	848,157	272,760	482,463
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,470,520	$ 1,513,629	$ 453,867	$ 484,258

The Notes to the Financial Statements are an integral part of this statement.

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ 4,722	$ 405,490	$ 1,443,019
2,174,319	354,037	3,499,108
5,941	17,364	530,938
1,158	313	1,548
—	—	1,183,200
1,851	—	9,700
—	94,665	94,665
—	2,189	46,556
—	79,156	79,318
—	—	106,745
—	—	14,424
—	—	54,258
87,762	—	87,762
$ 2,275,753	$ 953,214	$ 7,151,241
$ —	$ 129,774	$ 932,211
287	24,934	56,647
6	306	668
—	11,633	84,862
293	166,647	1,074,388
7,922	94,665	655,879
7,922	94,665	655,879
—	—	26,747
—	—	106,745
—	—	14,424
2,267,538	—	2,267,538
—	118,080	1,213,565
—	226,501	1,305,312
—	347,321	479,447
—	—	7,196
2,267,538	691,902	5,420,974
$ 2,275,753	$ 953,214	$ 7,151,241

Reconciliation of the Balance Sheet — Governmental Funds To the Statement of Net Position

June 30, 2016 (Expressed in Thousands)

Total Fund Balances – Governmental Funds……..…		$ 5,420,974
The total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 1,855,935	
Infrastructure, Non-depreciable	13,788,115	
Construction in Progress	847,479	
Buildings, Equipment, and Other Depreciable Assets	2,709,940	
Accumulated Depreciation	(1,265,122)	17,936,347
Deferred inflows of resources are not reported in the governmental funds:		
Revenues are not available soon enough after yearend to pay for the current period's expenditures ……..	645,852	
Related to pensions …….	(95,877)	549,975
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		31,362
Deferred outflows of resources are not reported in the governmental funds:		
Amount on refunding of bonded debt	27,299	
Related to pensions	340,454	367,753
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Other Postemployment Benefit Asset, net	11,789	
Net Pension Asset	475	12,264
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds: (See Note 10)		
General Obligation and Revenue Bonds Payable	(2,741,623)	
Unamortized Bond Premiums	(92,827)	
Accrued Interest on Bonds Payable	(1,454)	
Pollution Remediation Obligation	(6,401)	
Settlement Obligation	(365)	
Compensated Absences	(182,707)	
Capital Leases	(23,498)	
Other Postemployment Benefit Obligation, net	(3,848)	
Net Pension Liability	(926,497)	(3,979,220)
Total Net Position – Governmental Activities……..…		$ 20,339,455

The Notes to the Financial Statements are an integral part of this statement.

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Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

		Special Revenue		Capital Projects
	General	Education	Transportation	Transportation Investment
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,788,507	$ —	$ 46,293	$ 463,334
Individual Income Tax	—	3,393,087	—	—
Corporate Tax	—	340,175	—	—
Motor and Special Fuels Tax	—	—	425,343	—
Other Taxes	328,321	5,173	11,460	—
Total Taxes	2,116,828	3,738,435	483,096	463,334
Other Revenues:				
Federal Contracts and Grants	2,753,249	473,726	307,016	—
Charges for Services/Royalties	469,412	10,331	45,604	—
Licenses, Permits, and Fees	27,610	5,744	86,000	80,394
Federal Mineral Lease	69,245	—	—	—
Intergovernmental	—	—	—	—
Investment Income	8,347	53,283	1,084	2,503
Miscellaneous Other:				
Liquor Sales Allocated for School Lunch	—	40,640	—	—
Miscellaneous and Other	244,653	22,859	53,337	—
Total Revenues	5,689,344	4,345,018	976,137	546,231
EXPENDITURES				
Current:				
General Government	380,670	—	—	—
Human Services and Juvenile Justice Services	759,766	—	—	—
Corrections	285,831	—	—	—
Public Safety	237,631	—	—	—
Courts	143,405	—	—	—
Health and Environmental Quality	2,617,746	—	—	—
Higher Education – State Administration	79,567	—	—	—
Higher Education – Colleges and Universities	885,482	—	—	—
Employment and Family Services	700,610	—	—	—
Natural Resources	194,397	—	—	—
Heritage and Arts	27,770	—	—	—
Business, Labor, and Agriculture	96,725	—	—	—
Public Education	—	3,555,001	—	—
Transportation	—	—	833,944	—
Capital Outlay	—	—	—	341,737
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	6,409,600	3,555,001	833,944	341,737
Excess Revenues Over (Under) Expenditures	(720,256)	790,017	142,193	204,494
OTHER FINANCING SOURCES (USES)				
Revenue Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Capital Leases Acquisition	—	—	—	—
Sale of Capital Assets	2,283	—	5,104	—
Transfers In	990,793	7,863	62,871	89,903
Transfers Out	(326,140)	(952,392)	(145,968)	(381,524)
Total Other Financing Sources (Uses)	666,936	(944,529)	(77,993)	(291,621)
Net Change in Fund Balances	(53,320)	(154,512)	64,200	(87,127)
Fund Balances – Beginning	908,002	1,002,163	211,512	569,590
Adjustment to Beginning Fund Balances	3,472	506	(2,952)	—
Fund Balances – Beginning As Adjusted	911,474	1,002,669	208,560	569,590
Fund Balances – Ending	$ 858,154	$ 848,157	$ 272,760	$ 482,463

The Notes to the Financial Statements are an integral part of this statement.

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 4,752	$ 2,302,886
—	—	3,393,087
—	—	340,175
—	—	425,343
—	10,275	355,229
0	15,027	6,816,720
—	39,708	3,573,699
31,996	72,957	630,300
—	—	199,748
—	—	69,245
—	11,264	11,264
(34,512)	3,463	34,168
—	—	40,640
—	26,806	347,655
(2,516)	169,225	11,723,439
—	31,534	412,204
—	6,420	766,186
—	4,386	290,217
—	25,786	263,417
—	3,105	146,510
—	5,051	2,622,797
—	—	79,567
—	29,950	915,432
—	7,574	708,184
—	1,791	196,188
—	56	27,826
—	14,461	111,186
—	1,896	3,556,897
—	1,167	835,111
—	182,200	523,937
—	348,576	348,576
—	118,805	118,805
0	782,758	11,923,040
(2,516)	(613,533)	(199,601)
—	93,625	93,625
—	4,405	4,405
—	5,100	5,100
23,301	—	30,688
1,851	844,738	1,998,019
—	(70,568)	(1,876,592)
25,152	877,300	255,245
22,636	263,767	55,644
2,244,902	427,221	5,363,390
—	914	1,940
2,244,902	428,135	5,365,330
$ 2,267,538	$ 691,902	$ 5,420,974

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds To the Statement of Activities

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Net Change in Fund Balances – Governmental Funds…….….		$ 55,644
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are "transferred" to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays of $724,357 exceeded depreciation expense of $(99,569) and buildings "transferred" to component units of $(142,310) in the current period. (See Note 8) ……..….		482,478
In the Statement of Activities only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus the change in net position differs from the change in governmental fund balance by the cost of the assets sold.		(97,970)
Net effect of revenues reported on the accrual basis in the Statement of Activities that are reported as deferred inflows of resources in the governmental funds, as they are unavailable and do not provide current financial resources. ……		20,504
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		10,759
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position: (See Note 10)		
Bonds Issued	$ (93,625)	
Premiums on Bonds Issued	(4,405)	
Capital Lease Additions	(5,100)	
Payment of Bond Principal	348,576	
Capital Lease Payments	1,889	247,335
Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; and interest on long-term debt unless certain conditions are met. However, the Statement of Activities is presented on the accrual basis and expenses are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:		
Pollution Remediation Obligation Costs	(1,315)	
Settlement Obligation Costs	4,106	
Compensated Absences Expenses	3,085	
Accrued Interest on Bonds Payable	(395)	
Amortization of Bond Premiums	33,899	
Amortization of Deferred Amount on Refunding of Bonded Debt	(7,383)	
Other Postemployment Benefit Obligation Costs, net	6,399	
Pension Costs, net	26,684	65,080
Change in Net Position – Governmental		$ 783,830

The Notes to the Financial Statements are an integral part of this statement.

Proprietary Fund Financial Statements

Student Assistance Programs

These programs are administered by the State Board of Regents and are comprised of the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans. Funds are acquired from the sale of bonds, lines-of-credit, and funding notes.

Unemployment Compensation Fund

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund was provided from the General Fund and from general obligation bonds that were repaid with general tax revenues. Additional funds have been generated by issuing water loan recapitalization revenue bonds that are secured by pledged principal and interest payments of specific revolving water resources loan funds.

Community Impact Loan Fund

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund. This fund also administers loans and loan guarantees from federal funds to small businesses under the Small Business Credit Initiative.

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 192.

Governmental Activities – Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 204.

Statement Of Net Position
Proprietary Funds

June 30, 2016 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 91,448	$ 974,436	$ 276,905	$ 189,042
Restricted Investments	115,586	—	—	—
Receivables:				
Accounts, net	7,070	73,046	558	—
Accrued Interest	48,884	—	5,698	4,640
Accrued Taxes, net	—	—	3,142	—
Notes/Loans/Mortgages, net	413,983	—	46,742	19,617
Due From Other Funds	—	—	12,259	—
Due From Component Units	—	—	—	—
Prepaid Items	366	—	26	—
Inventories	—	—	—	—
Total Current Assets	677,337	1,047,482	345,330	213,299
Noncurrent Assets:				
Accounts Receivables	—	5,841	—	—
Investments	28,730	—	—	—
Prepaid Items	—	—	—	—
Accrued Interest Receivable	—	—	3,894	70
Notes/Loans/Mortgages Receivables, net	1,901,822	—	518,177	461,891
Pledged Loans Receivables	—	—	125,198	—
Other Assets	—	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	12,929	—	—	—
Machinery and Equipment	2,501	—	—	—
Intangible Assets–Software	1,174	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	(6,794)	—	—	—
Total Capital Assets	9,810	0	0	0
Total Noncurrent Assets	1,940,362	5,841	647,269	461,961
Total Assets	$ 2,617,699	$ 1,053,323	$ 992,599	$ 675,260
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Amount of Federal Default Fee	350	—	—	—
Deferred Outflows Relating to Pensions	1,035	—	—	—
Total Deferred Outflows of Resources	$ 1,385	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 33,967	$ 2,279	$ 965	$ —
Deposits	—	50	1	—
Due To Other Funds	—	9,381	45	—
Due To Component Units	—	—	—	—
Interfund Loans Payable	—	—	—	—
Unearned Revenue	123	—	—	—
Policy Claims and Uninsured Liabilities	—	5,726	—	—
Notes Payable	921,995	—	—	—
Revenue Bonds Payable	248,374	—	5,235	—
Total Current Liabilities	1,204,459	17,436	6,246	0
Noncurrent Liabilities:				
Accrued Liabilities	467	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	—	—	—	—
Notes Payable	—	—	—	—
Revenue Bonds Payable	1,006,914	—	36,793	—
Net Pension Liability	3,236	—	—	—
Total Noncurrent Liabilities	1,010,617	0	36,793	0
Total Liabilities	$ 2,215,076	$ 17,436	$ 43,039	$ 0
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ 10,146	$ —	$ —	$ —
Fair Value of Interest Rate Swap Agreements	28,730	—	—	—
Deferred Inflows Relating to Pensions	418	—	—	—
Total Deferred Inflows of Resources	$ 39,294	$ 0	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ 4,822	$ —	$ —	$ —
Restricted for:				
Unemployment Compensation and Insurance Programs	—	1,035,887	—	—
Loan Programs	320,771	—	435,719	—
Debt Service	—	—	160,619	—
Unrestricted (Deficit)	39,121	—	353,222	675,260
Total Net Position	$ 364,714	$ 1,035,887	$ 949,560	$ 675,260

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities –
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 51,842	$ 1,583,673	$ 70,086
—	115,586	—
6,553	87,227	6,031
1,759	60,981	—
—	3,142	—
12,029	492,371	—
10,076	22,335	27,767
—	0	401
3	395	3,096
39,013	39,013	4,624
121,275	2,404,723	112,005
—	5,841	—
234	28,964	—
—	0	2,821
1,359	5,323	—
158,174	3,040,064	—
—	125,198	—
3	3	9
23,652	23,652	—
430	430	130
79,675	92,604	5,455
14,884	17,385	213,559
2,731	3,905	15,181
189	189	—
(40,656)	(47,450)	(143,537)
80,905	90,715	90,788
240,675	3,296,108	93,618
$ 361,950	$ 5,700,831	$ 205,623
$ 4,403	$ 4,403	$ 9
—	350	—
6,191	7,226	24,526
$ 10,594	$ 11,979	$ 24,535
$ 14,522	$ 51,733	$ 20,003
1	52	—
29,537	38,963	1,933
26	26	3
—	0	27,511
3,941	4,064	911
—	5,726	20,565
—	921,995	34
4,927	258,536	101
52,954	1,281,095	71,061
—	467	—
—	0	26,747
—	0	27,527
—	0	305
73,796	1,117,503	147
14,609	17,845	65,998
88,405	1,135,815	120,724
$ 141,359	$ 2,416,910	$ 191,785
$ —	$ 10,146	$ —
—	28,730	—
1,508	1,926	7,011
$ 1,508	$ 40,802	$ 7,011
$ 15,562	$ 20,384	$ 90,545
—	1,035,887	6,530
112,556	869,046	—
—	160,619	—
101,559	1,169,162	(65,713)
$ 229,677	$ 3,255,098	$ 31,362

Statement Of Revenues, Expenses, And Changes In Fund Net Position
Proprietary Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 8,511	$ 240,167	$ 155	$ —
Fees and Assessments	847	542	747	—
Interest on Notes/Mortgages	109,550	—	—	—
Federal Reinsurance and Allowances/Reimbursements	26,513	(369)	—	—
Miscellaneous	4,310	—	—	32
Total Operating Revenues	149,731	240,340	902	32
OPERATING EXPENSES				
Administration	7,194	—	—	14
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	—	9,019	—
Rentals and Leases	—	—	11	—
Maintenance	—	—	—	—
Interest	25,338	—	—	—
Depreciation/Amortization	859	—	—	—
Student Loan Servicing and Related Expenses	90,640	—	—	—
Payment to Lenders for Guaranteed Claims	24,312	—	—	—
Benefit Claims and Unemployment Compensation	—	182,516	—	—
Supplies and Other Miscellaneous	5,554	—	4,221	799
Total Operating Expenses	153,897	182,516	13,251	813
Operating Income (Loss)	(4,166)	57,824	(12,349)	(781)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	1,110	21,200	13,982	8,629
Federal Contracts and Grants	—	—	11,263	5,057
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	—	29,316	—
Interest Expense	—	—	(1,662)	—
Refunds Paid to Federal Government	(100)	—	—	—
Other Revenues (Expenses)	(250)	—	—	—
Total Nonoperating Revenues (Expenses)	760	21,200	52,899	13,686
Income (Loss) before Transfers	(3,406)	79,024	40,550	12,905
Transfers In	—	—	—	—
Transfers Out	—	(2,454)	(4,695)	(17,534)
Change in Net Position	(3,406)	76,570	35,855	(4,629)
Net Position – Beginning	368,120	959,317	913,705	679,889
Adjustment to Beginning Net Position	—	—	—	—
Net Position – Beginning as Adjusted	368,120	959,317	913,705	679,889
Net Position – Ending	$ 364,714	$ 1,035,887	$ 949,560	$ 675,260

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 393,359	$ 642,192	$ 274,676
5,565	7,701	—
3,134	112,684	—
—	26,144	—
568	4,910	301
402,626	793,631	274,977
33,538	40,746	109,975
235,799	235,799	71,308
3,759	12,778	—
2,262	2,273	1,078
3,453	3,453	20,560
—	25,338	—
3,539	4,398	18,748
—	90,640	—
—	24,312	—
—	182,516	17,003
17,560	28,134	32,778
299,910	650,387	271,450
102,716	143,244	3,527
397	45,318	413
3,654	19,974	—
—	0	(11)
525	29,841	—
(3,134)	(4,796)	(23)
—	(100)	(113)
—	(250)	245
1,442	89,987	511
104,158	233,231	4,038
3,243	3,243	6,721
(106,708)	(131,391)	—
693	105,083	10,759
229,351	3,150,382	20,603
(367)	(367)	—
228,984	3,150,015	20,603
$ 229,677	$ 3,255,098	$ 31,362

State of Utah

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 96,025	$ 253,838	$ 995	$ 32
Receipts from Loan Maturities	507,021	—	—	—
Receipts Federal Reinsurance and Allowances/Reimbursements	(32,816)	(336)	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(21,518)	(181,381)	(13,227)	(280)
Disbursements for Loans Receivable	(19,080)	—	—	—
Payments on Loan Guarantees	(26,843)	—	—	—
Payments for Employee Services and Benefits	(17,873)	—	—	(14)
Payments to State Suppliers and Grants	—	—	—	(519)
Payments of Sales Tax and School Lunch Collections	—	—	—	—
Net Cash Provided (Used) by Operating Activities	484,916	72,121	(12,232)	(781)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Receipts from Bonds, Notes, and Deposits	—	17	1	—
Payments of Bonds, Notes, Deposits, and Refunds	(483,729)	(10)	(5,214)	—
Interest Paid on Bonds, Notes, and Financing Costs	(29,409)	—	(1,650)	—
Federal Contracts and Grants and Other Revenues	—	—	11,263	5,057
Restricted Sales Tax	—	—	29,290	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	(2,454)	(4,695)	(17,534)
Net Cash Provided (Used) by Noncapital Financing Activities	(513,138)	(2,447)	28,995	(12,477)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Federal Grants and Other Revenues	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	(1,078)	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,078)	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	624,133	—	—	—
Receipts of Interest and Dividends from Investments	1,122	21,200	13,894	8,629
Receipts from Loan Maturities	—	—	42,292	40,675
Receipts of Interest from Loans	—	—	—	—
Payments to Purchase Investments	(609,525)	—	—	—
Disbursements for Loans Receivable	—	—	(34,848)	(30,473)
Net Cash Provided (Used) by Investing Activities	15,730	21,200	21,338	18,831
Net Cash Provided (Used) – All Activities	(13,570)	90,874	38,101	5,573
Cash and Cash Equivalents – Beginning	105,018	883,562	238,804	183,469
Cash and Cash Equivalents – Ending	$ 91,448	$ 974,436	$ 276,905	$ 189,042

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 458,135	$ 809,025	$ 51,420
13,734	520,755	—
—	(33,152)	—
14,243	14,243	316,428
(263,394)	(479,800)	(201,353)
(16,076)	(35,156)	—
—	(26,843)	—
(33,138)	(51,025)	(113,533)
(12,560)	(13,079)	(46,133)
(66,456)	(66,456)	—
94,488	638,512	6,829
28,749	28,749	—
(16,108)	(16,108)	(521)
—	18	—
—	(488,953)	(31)
—	(31,059)	(13)
3,349	19,669	—
525	29,815	—
3,243	3,243	5,650
(106,708)	(131,391)	—
(86,950)	(586,017)	5,085
—	0	23,166
—	0	(17,116)
4,839	4,839	—
1,344	1,344	2,909
—	0	340
(5,236)	(5,236)	(81)
(6,754)	(7,832)	(24,335)
(3,731)	(3,731)	(6)
—	0	1,071
(9,538)	(10,616)	(14,052)
(86)	624,047	—
172	45,017	413
3,557	86,524	—
79	79	—
—	(609,525)	—
(16,150)	(81,471)	—
(12,428)	64,671	413
(14,428)	106,550	(1,725)
66,270	1,477,123	71,811
$ 51,842	$ 1,583,673	$ 70,086

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	**Unemployment Compensation Fund**	**Water Loan Programs**	**Community Impact Loan Fund**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (4,166)	$ 57,824	$ (12,349)	$ (781)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	859	—	—	—
Interest Expense for Noncapital and Capital Financing	27,664	—	—	—
Pension Expense Accrual	800	—	—	—
Miscellaneous Gains, Losses, and Other Items	(1,926)	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	3,468	14,877	93	—
Notes/Accrued Interest Receivables	462,078	—	—	—
Inventories	—	—	—	—
Prepaid Items/Deferred Charges	(64)	—	9	—
Accrued Liabilities/Due to Other Funds	(1,490)	(1,012)	15	—
Unearned Revenue/Deposits	—	—	—	—
Policy Claims Liabilities	(2,307)	432	—	—
Net Cash Provided (Used) by Operating Activities	$ 484,916	$ 72,121	$ (12,232)	$ (781)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ 43	$ (920)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 43	$ (920)

The Notes to the Financial Statements are an integral part of this statement.

Business-type Activities – Enterprise Funds		Governmental Activities –
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 102,716	$ 143,244	$ 3,527
3,539	4,398	18,748
—	27,664	—
(591)	209	(1,636)
—	(1,926)	(208)
3,686	22,124	2,196
(2,027)	460,051	—
(5,727)	(5,727)	581
19	(36)	(1,742)
(6,885)	(9,372)	(15,849)
(242)	(242)	51
—	(1,875)	1,161
$ 94,488	$ 638,512	$ 6,829
$ (106)	$ (983)	$ (15)
$ (106)	$ (983)	$ (15)

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Fiduciary Fund Financial Statements

Pension and Other Employee Benefit Trust Funds

These funds are used to account for the defined benefit pension plans and defined contribution plans administered by the Utah Retirement Systems, and the Post-Retirement Benefits Trust Funds, defined benefit other postemployment benefit plans (OPEB Plans), and other employee benefit plans administered by the State.

Investment Trust Fund

This fund is used to account for the investments related to external participants in the Utah State Public Treasurers' Investment Fund.

Private Purpose Trust Funds

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Agency Funds

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 214.

Statement Of Fiduciary Net Position
Fiduciary Funds

June 30, 2016 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 2,240,303	$ 1,073,463	$ 21,535	$ 185,773
Receivables:				
Accounts	470	—	5,131	15,968
Contributions	38,111	—	—	—
Investments	383,462	—	—	—
Accrued Interest	—	—	1	—
Accrued Assessments	—	—	5,374	—
Loans	—	—	1,064	—
Due From Other Funds	—	—	645	339
Investments:				
Debt Securities	6,089,048	6,439,584	2,770,777	599
Equity Investments	11,960,084	—	6,751,077	—
Absolute Return	4,141,321	—	—	—
Private Equity	3,214,680	—	—	—
Real Assets	4,176,577	—	—	—
Invested Securities Lending Collateral	2,017,935	—	—	—
Total Investments	31,599,645	6,439,584	9,521,854	599
Other Assets	—	—	4,859	52,245
Capital Assets:				
Land	1,781	—	271	—
Buildings and Improvements	17,827	—	10,715	—
Machinery and Equipment	6,146	—	2,250	—
Less Accumulated Depreciation	(22,621)	—	(5,628)	—
Total Capital Assets	3,133	0	7,608	0
Total Assets	$ 34,265,124	$ 7,513,047	$ 9,568,071	$ 254,924
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 282	$ 0
LIABILITIES				
Accounts Payable	$ 394,672	$ 10,207	$ 3,630	$ —
Securities Lending Liability	2,017,935	—	—	—
Due To Other Funds	—	—	99	—
Due To Individuals, Organizations, and Other Governments	—	—	—	254,924
Unearned Revenue	—	—	481	—
Leave/Postemployment Benefits	15,079	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,000	—	218,349	—
Real Estate Liabilities	292,172	—	—	—
Net Pension Obligation	—	—	621	—
Total Liabilities	$ 2,724,858	$ 10,207	$ 223,180	$ 254,924
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 90	$ 0
NET POSITION				
Restricted for:				
Pension Benefits	$ 26,686,840	$ —	$ —	
Other Postemployment Benefits	246,756	—	—	
Other Employee Benefits	9,934	—	—	
Defined Contribution	4,596,736	—	—	
Pool Participants	—	7,502,840	—	
Individuals, Organizations, and Other Governments	—	—	9,345,083	
Total Net Position	$ 31,540,266	$ 7,502,840	$ 9,345,083	
Participant Account Balance Net Position Valuation Factor		1.00455704		

The Notes to the Financial Statements are an integral part of this statement

Statement Of Changes In Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 370,215	$ —	$ 1,034,054
Employer	1,100,204	—	—
Court Fees and Fire Insurance Premiums	18,871	—	—
Total Contributions	1,489,290	0	1,034,054
Pool Participant Deposits	—	8,786,860	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	67,930	(1,892)	(60,145)
Interest, Dividends, and Other Investment Income	462,576	62,064	178,147
Total Income From Investment Activity	530,506	60,172	118,002
Less Investment Expenses	(57,883)	(393)	—
Net Income from Investment Activity	472,623	59,779	118,002
Income from Security Lending Activity	10,464	—	—
Less Security Lending Expenses	(1,360)	—	—
Net Income from Security Lending Activity	9,104	0	0
Net Investment Income	481,727	59,779	118,002
Transfers From Affiliated Systems	49,373	—	—
Other Additions:			
Escheats	—	—	26,765
Royalties and Rents	—	—	3,552
Fees, Assessments, and Revenues	—	—	60,741
Miscellaneous	—	—	7,112
Total Other	0	0	98,170
Total Additions	2,020,390	8,846,639	1,250,226
DEDUCTIONS			
Pension Benefits	1,423,762	—	—
Retiree Healthcare Benefits	25,876	—	—
Refunds/Plan Distributions	312,038	—	—
Earnings Distribution	—	61,659	—
Pool Participant Withdrawals	—	8,560,897	—
Transfers To Affiliated Systems	49,373	—	—
Trust Operating Expenses	—	—	34,255
Distributions and Benefit Payments	—	—	378,258
Administrative and General Expenses	18,667	—	19,604
Total Deductions	1,829,716	8,622,556	432,117
Change in Net Position Restricted for:			
Pension Benefits	117,716	—	—
Other Postemployment Benefits	27,798	—	—
Other Employee Benefits	(5,307)	—	—
Defined Contributions	50,467	—	—
Pool Participants	—	224,083	—
Individuals, Organizations, and Other Governments	—	—	818,109
Net Position – Beginning	31,350,618	7,278,757	8,527,888
Adjustment to Beginning Net Position	(1,026)	—	(914)
Net Position – Beginning as Adjusted	31,349,592	7,278,757	8,526,974
Net Position – Ending	$ 31,540,266	$ 7,502,840	$ 9,345,083

The Notes to the Financial Statements are an integral part of this statement.

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Component Unit Financial Statements

Public Employees Health Program

This program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

Nonmajor Component Units

Nonmajor component units are presented beginning on page 230.

Combining Statement Of Net Position
Component Units

June 30, 2016 (Expressed in Thousands)

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 68,627	$ 422,488	$ 61,650	$ 304,732
Investments	22,317	791,343	66,659	90,273
Receivables:				
Accounts, net	33,533	365,794	54,619	45,089
Notes/Loans/Mortgages/Pledges, net	—	13,078	1,144	5,752
Accrued Interest	1,984	2,870	—	110
Due From Primary Government	—	—	—	697
Prepaid Items	9,010	—	3,289	7,485
Inventories	—	65,819	4,052	13,372
Other Assets	—	26,601	—	1,136
Total Current Assets	135,471	1,687,993	191,413	468,646
Noncurrent Assets:				
Restricted Investments	—	635,006	226,853	81,073
Restricted Receivables, net	—	52,377	18,353	—
Accounts Receivables, net	—	—	19,790	28,887
Investments	245,930	1,165,695	245,466	342,812
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	10,682	44,262
Other Assets	9	34,132	186	5,122
Capital Assets (net of Accumulated Depreciation)	163	2,718,265	810,655	1,514,986
Total Noncurrent Assets	246,102	4,605,475	1,331,985	2,017,142
Total Assets	$ 381,573	$ 6,293,468	$ 1,523,398	$ 2,485,788
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ 7,314	$ 3,370	$ 1,615
Deferred Outflows Relating to Pensions	3,097	68,643	18,891	40,637
Total Deferred Outflows of Resources	$ 3,097	$ 75,957	$ 22,261	$ 42,252
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 17,001	$ 261,570	$ 51,688	$ 48,433
Securities Lending Liability	18,398	—	—	—
Deposits	—	122,772	76	2,713
Due To Primary Government	—	45,885	17,374	16,460
Unearned Revenue	2,934	87,860	21,749	34,662
Current Portion of Long-term Liabilities	65,306	180,269	26,617	26,915
Total Current Liabilities	103,639	698,356	117,504	129,183
Noncurrent Liabilities:				
Accrued Liabilities	7,155	—	1,857	—
Unearned Revenue	—	—	—	978
Deposits	—	23,876	—	—
Net Pension Liability	10,859	174,600	48,305	112,931
Long-term Liabilities	72,486	933,089	203,438	217,007
Total Noncurrent Liabilities	90,500	1,131,565	253,600	330,916
Total Liabilities	$ 194,139	$ 1,829,921	$ 371,104	$ 460,099
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ 211	$ —	$ —
Deferred Inflows Relating to Pensions	1,024	17,587	4,746	10,873
Total Deferred Inflows of Resources	$ 1,024	$ 17,798	$ 4,746	$ 10,873
NET POSITION				
Net Investment in Capital Assets	$ 163	$ 1,784,592	$ 682,638	$ 1,325,741
Restricted for:				
Nonexpendable:				
Higher Education	—	524,471	129,588	160,280
Expendable:				
Higher Education	—	510,895	200,417	171,556
Insurance Plans	189,344	—	—	—
Other	—	—	—	24,043
Unrestricted	—	1,701,748	157,166	375,448
Total Net Position	$ 189,507	$ 4,521,706	$ 1,169,809	$ 2,057,068

The Notes to the Financial Statements are an integral part of this statement

Total
$ 857,497
970,592
499,035
19,974
4,964
697
19,784
83,243
27,737
2,483,523
942,932
70,730
48,677
1,999,903
54,944
39,449
5,044,069
8,200,704
$ 10,684,227
$ 12,299
131,268
$ 143,567
$ 378,692
18,398
125,561
79,719
147,205
299,107
1,048,682
9,012
978
23,876
346,695
1,426,020
1,806,581
$ 2,855,263
$ 211
34,230
$ 34,441
$ 3,793,134
814,339
882,868
189,344
24,043
2,234,362
$ 7,938,090

State of Utah
Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units
Expenses	$ 617,044	$ 4,006,287	$ 660,891	$ 1,202,262
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	382,237	211,944	516,640
Scholarship Allowances	—	(65,864)	(83,921)	(133,328)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $67,363)	580,477	3,076,706	89,640	130,079
Operating Grants and Contributions	10,661	520,374	273,214	250,840
Capital Grants and Contributions	—	46,876	66,249	127,035
Total Program Revenues	591,138	3,960,329	557,126	891,266
Net (Expenses) Revenues	(25,906)	(45,958)	(103,765)	(310,996)
General Revenues:				
State Appropriations	—	313,518	188,064	468,681
Unrestricted Investment Income	—	—	—	11
Gain (Loss) on Sale of Capital Assets	—	—	—	(1,328)
Miscellaneous	—	—	—	165
Permanent Endowments Contributions	—	20,731	4,646	7,164
Total General Revenues and Contributions	0	334,249	192,710	474,693
Change in Net Position	(25,906)	288,291	88,945	163,697
Net Position – Beginning	225,159	4,233,415	1,080,864	1,893,686
Adjustment to Beginning Net Position	(9,746)	—	—	(315)
Net Position – Beginning as Adjusted	215,413	4,233,415	1,080,864	1,893,371
Net Position – Ending	$ 189,507	$ 4,521,706	$ 1,169,809	$ 2,057,068

The Notes to the Financial Statements are an integral part of this statement.

Total
$ 6,486,484
1,110,821
(283,113)
3,876,902
1,055,089
240,160
5,999,859
(486,625)
970,263
11
(1,328)
165
32,541
1,001,652
515,027
7,433,124
(10,061)
7,423,063
$ 7,938,090

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State of Utah conform in all material respects with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

A. Reporting Entity

For financial reporting purposes, the State of Utah's reporting entity includes the "primary government" and its "discrete component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's discrete component units are legally separate organizations for which the State's elected officials are financially accountable.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: (***1***) the ability of the State to impose its will on that organization; or (***2***) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if: (***1***) an organization is fiscally dependent on the State because its resources are held for the direct benefit of the State or can be accessed by the State; and (***2***) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. In addition, discrete component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading.

Except where noted below, the State's discrete component units issue their own separately audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Office of the Utah State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114 or online at auditor.utah.gov.

Entities such as the local school districts, charter schools, and other local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. The State's support of the public education system is reported in the Education Fund (special revenue fund).

Blended Component Units

A component unit should be reported as part of the primary government and blended into the appropriate funds if: (***1***) services are provided entirely or almost entirely to the primary government; (***2***) the governing body is substantively the same as the governing body of the primary government; or (***3***) the component unit's total debt outstanding is expected to be repaid entirely or almost entirely by the primary government.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the sole purpose of financing, owning, leasing, and operating facilities to meet the needs of state government. In addition, any debt is paid entirely with resources of the State. The Board is comprised of three members: the Governor or designee, the State Treasurer, and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

Discrete Component Units

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State.

Except for the Utah Communications Authority, Utah Schools for the Deaf and Blind, and the Utah College of Applied Technology, the State appoints at least a majority of the governing board members of each of the State's discrete component units, subject in most cases with consent from the Senate. The Utah Communications Authority, Utah Schools for the Deaf and Blind, and the Utah College of Applied Technology are included in the reporting entity because they meet both the fiscal dependency and financial benefit and burden relationship. The State provides financial support and approves the issuance of debt by Utah Communications Authority. The State approves and modifies the budgets and provides financial support for the Utah Schools for the Deaf and Blind and the Utah College of Applied Technology.

The State has the ability to impose its will on the colleges and universities and the Public Employees Health Program due to the level of budget or day-to-day oversight. The State appointed board members of the Military Installation Development Authority, Heber Valley Historic Railroad Authority, and Utah State Fair Corporation can be replaced at will.

The determination that a discrete component unit is "major" is based on the nature and significance of its relationship to the primary government. The State's major discrete component units are:

Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah. The Program is administered by the Utah State Retirement Board.

University of Utah and Utah State University — These universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State's nonmajor discrete component units are:

Utah Communications Authority — This Authority was established by the Utah State Legislature as a quasi-governmental entity. Its purpose is to provide public safety communication services and facilities on a regional or statewide basis for the benefit and use of all state and local governmental agencies.

Utah Schools for the Deaf and the Blind — These Schools provide practical education to individuals with hearing and/or vision impairments. Although not required, these Schools issue separate but unaudited financial statements.

Utah State Fair Corporation — This Corporation is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events.

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley University, Dixie State University, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are issued for the applied technology colleges within the Utah College of Applied Technology.

Utah Charter School Finance Authority — This Authority was created to provide an efficient and cost-effective method of issuing conduit debt on behalf of charter schools to acquire or construct charter school facilities. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated for repayment of the debt. Accordingly, this debt is not included as part of the State's reporting entity. No financial statements are required or issued.

Military Installation Development Authority — This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State.

Heber Valley Historic Railroad Authority — This Authority is an independent state agency that maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority issues a separate publicly available compilation report.

Fiduciary Component Units

Utah Retirement Systems (URS) (pension trust and defined contribution plans) — URS administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. URS is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board, is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the State with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units.

Utah Educational Savings Plan Trust (Private Purpose Trust Fund) — This trust is a non-profit, self-supporting entity that was created as a means to encourage investment in a public trust to pay for future higher education costs. It is administered by the Utah State Board of Regents acting in its capacity as the Utah Higher Education Assistance Authority. Because of the State's trustee responsibilities for this plan, GAAP requires it to be reported as a private purpose trust fund of the primary government rather than a discrete component unit.

In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

Related Organization (Excluded from Financial Statements)

Utah Housing Corporation — Utah Housing Corporation (UHC) is a statutorily created public corporation. UHC issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Although the Governor appoints eight of the nine members of the governing board, there is no financial accountability. The State does not have the ability to impose its will on UHC and UHC does not provide specific financial benefits to, or impose specific financial burdens on the State.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entity's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is restricted when there are constraints either externally imposed or imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given activity or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific activity. The State does not allocate general government (indirect) expenses to other activities. Program revenues include: (***1***) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity; and (***2***) grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payment of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, pension benefits, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (i.e., come due for payment).

Major Governmental Funds — The State reports the following major governmental funds:

- **General Fund**. This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.
- **Education Fund**. This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.
- **Transportation Fund**. This special revenue fund accounts for dedicated highway user taxes, fees, and federal funds associated with construction, maintenance, and repair of state highways and local roads.
- **Transportation Investment Fund**. This capital projects fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds used in the construction and reconstruction of specific highway projects. Projects designated for the Transportation Investment Capacity program are accounted for in this fund.
- **Trust Lands Fund**. This is a permanent fund that accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Governmental Funds — The State's nonmajor governmental funds include special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations, debt collections, and rural development programs. The capital projects funds account for resources used for capital outlays including the acquisition, construction, or improvement of capital facilities other than those financed by the Transportation Investment Fund, proprietary funds or assets held in trust. The debt service funds account for resources used for the payment of principal and interest on general long-term debt obligations.

Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services, producing, and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as non-operating.

Major Enterprise Funds — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs**. These programs guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans.
- **Unemployment Compensation Fund**. This fund pays claims for unemployment to eligible recipients.
- **Water Loan Programs**. These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.
- **Community Impact Loan Fund**. This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. This fund also administers loans to small businesses under the Small Business Credit Initiative.

Nonmajor Enterprise Funds — The State's nonmajor enterprise funds include loan programs for low-income housing, agricultural, energy efficiency, transportation infrastructure, and other purposes; Alcoholic Beverage Control (state liquor stores); Utah

Correctional Industries; State Trust Lands Administration; and the Utah Dairy Commission.

Internal Service Funds — The State reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include technology services, general services, fleet operations, risk management, property management, and human resource management. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

Pension and Other Employee Benefit Trust Funds — These funds account for the plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and changes in net position of: (***1***) defined benefit pension plans and defined contribution plans administered by Utah Retirement Systems; (***2***) the Post-Retirement Benefits Trust Funds, defined benefit other postemployment health care plans administered by the State for state employees and elected officials; and (***3***) Other Employee Benefits Trust Fund, used to separately account and report assets dedicated for employee benefits other than postemployment healthcare benefits, that are administered through the Post-Retirement Benefits Trust Funds.

Investment Trust Fund — This fund is used to account for the investments related to external participants in the Utah State Public Treasurers' Investment Fund.

Private Purpose Trust Funds — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Navajo Trust Fund, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Educational Savings Plan Trust.

Agency Funds — These funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals. These funds include fines, forfeitures, tax collections, and withholding taxes for employees.

Discrete Component Unit Financial Statements

The combining discrete component unit financial statements are presented in order to provide information on each of the major discrete component units included in the discrete component unit's column of the government-wide statements. The discrete component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each discrete component unit's separately issued financial statements.

D. Fiscal Yearends

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the defined benefit pension plans and defined contribution plans (fiduciary funds), administered by Utah Retirement Systems, Public Employees Health Program (major discrete component unit), Utah State Fair Corporation (nonmajor discrete component unit), and Utah Dairy Commission, which have fiscal years ending December 31.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances

Cash and Cash Equivalents and Investments

Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (major enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The fair value measurements of investments is based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Also certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The Trust Lands Fund (permanent fund) invests in both open and closed end real estate funds that issue quarterly account statements and the fair value of the investments is based upon the Fund's ownership interest in partners' capital.

The State's Unemployment Compensation Fund (major enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (pension trust and defined contribution plans) had five types of derivative financial instruments at yearend: futures, currency forwards, options, swaps, and Synthetic

Guaranteed Investment Contracts. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency denominated portfolio holdings. Options give the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Interest rate swap agreements are entered into in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Synthetic Guaranteed Investment Contracts are available to members in the Utah Retirement Systems Defined Contribution Plans. The Student Assistance Program (major enterprise fund) entered into an interest rate exchange (swap) agreement relating to some of its student loan revenue bonds. The Board accounts for the swap agreement as a fair value hedging derivative instrument to create a variable rate cost of funds that will be lower than the variable rate cost achievable in the cash bond market. See Note 3 for additional information about derivatives.

Receivables

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are noninterest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

Receivables for capital lease payments, as reported in the governmental activities, are direct financing capital lease arrangements between State Building Ownership Authority (blended component unit) and certain College and Universities (discrete component units). The capital lease receivable is reported net and represents the sum of the future minimum lease payments to be received, less any executory costs and any unearned interest revenue on the capital lease. Receivables from the discrete component unit are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

Inventories, Prepaid Items, and Other Assets

Proprietary funds and component units' inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund consumable items are recorded as expenditures when purchased except for General Fund state park merchandise inventories and Transportation Fund road material inventories. State park inventories are valued at lower of cost or market and Transportation Fund inventories are valued using a weighted average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Other Assets, as reported on the Statement of Net Position, governmental activities column, include assets of the Trust Lands Fund (Permanent Fund) acquired under the *1894 Utah Enabling Act* that are not considered investments. The net pension asset and the net other postemployment benefit (OPEB) asset are also reported as Other Assets.

Capital Assets

Capital assets, which include land and related assets, buildings, equipment, intangible assets (software), and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure and internally generated software (funded with nonfederal resources), are defined by the State as assets, which cost $5 thousand or more when acquired and have an estimated useful life greater than one year. Infrastructure assets are capitalized if the cost is over $1 million. Internally generated software, funded with nonfederal resources, is capitalized if the cost is over $500 thousand. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated capital assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and discrete component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Asset Class	Years
Equipment/Software	3–15
Aircraft and Heavy Equipment	5–30
Buildings and Improvements	30–40
Land Improvements	5–20
Infrastructure	15–80

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (i.e., roads and bridges) maintained by the State's Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not

recorded and only improvements that increase the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: (***1***) maintain an inventory of the assets and perform periodic condition assessments; (***2***) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and (***3***) document that the assets are being preserved approximately at or above the condition level set by the State. Other infrastructure, which is primarily maintained by the Department of Natural Resources, is capitalized and depreciated.

Most works of art and historical treasures of the primary government are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved; and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State's assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

Deferred Outflows of Resources

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position. See Note 11 for a disaggregation of deferred outflows. Deferred outflows of resources of governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

Accrued Liabilities

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

Unearned Revenue

In the government-wide statements, governmental fund statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned.

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates; however, policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Position. See Note 10 for additional information about policy claims liabilities.

Long-term Debt

Long-term debt such as the net pension liability, revenue bonds, claims, contracts and notes payable directly related to and intended to be paid from proprietary funds or discretely presented component units are included in the accounts of such funds. All other long-term debt, such as the compensated absences, claim or settlement obligations, pollution remediation obligations, general obligation bonds, net pension liability, and lease revenue bonds are reported in the government-wide financial statements. Bond premiums and discounts are amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

In the governmental fund financial statements, long-term debt is recognized when due or expected to be financed from current expendable available financial resources. Amortization of bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs (major enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations. At June 30, 2016, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in Student Assistance Programs' or State of Utah bonds.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Position and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental fund financial statements when the liability is due. Other arbitrage liabilities are immaterial.

Compensated Absences and Postemployment Benefits

For most employees vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. The State established the State Employees' Annual Leave Trust Fund (other employee benefit trust funds) where any unused vacation leave is paid to employees upon

termination. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used.

Prior to January 1, 2014, employees had the option under certain circumstances to "convert" sick leave. Employees may use converted sick leave in place of vacation leave. Any unused converted sick is paid to employees upon termination.

Most employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless the leave was earned prior to January 4, 2014, and the employees are eligible for retirement or the sick leave was "converted". Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave, earned prior to January 4, 2014, as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be used to participate in the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan), a single-employer defined benefit healthcare plan) to purchase health and life insurance coverage or Medicare supplemental insurance. The Annual Required Contribution (ARC) is funded by charges to agency budgets. The ARC is deposited and payments of postemployment health and life insurance benefits to retirees are made from the State Post-Retirement Benefits Trust Fund. See Note 18 for additional information about the State Employee OPEB Plan administered as an irrevocable trust.

Any remaining sick leave earned on or after January 1, 2006, but before January 4, 2014, is converted to a value (based on the higher of the employee's rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Utah Retirement Systems. Any payouts by the State of converted sick leave upon termination, contributions into a 401(k) account or Health Reimbursement Arrangement upon retirement, are paid from the Other Employee Benefits Trust Fund. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets.

Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the compensated absences and the State Employee OPEB Plan; and have no liability for leave or postemployment benefits once their contributions have been made. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Position as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental fund financial statements. See Note 10 for additional information about the liability.

The State of Utah also administers the Elected Official OPEB Plan, a single-employer defined benefit healthcare plan as an irrevocable trust. Only governors and legislators who retire after January 1, 1998 and have four or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, an elected official must be between 62 and 65 years of age and either be an active member at the time of retirement or have continued health coverage with the program until the date of eligibility. In addition, to qualify for health coverage, an elected official must have service prior to January 1, 2012. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and have service prior to July 1, 2013. The State will pay a portion or all the health benefit costs for the elected official and spouse based on years of service. See Note 18 for additional information.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and termination policies vary among discrete component units and from the primary government's policies, but usually vacation leave is expended when earned and sick leave is expended when used.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts were further allocated to proprietary funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. Pension investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental or business-type activities columns or in the component units column on the government-wide Statement of Net Position. See Note 11 for a disaggregation of deferred inflows. Deferred inflows of resources of governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

Net Position/Fund Balances

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is "Net Position" on the government-wide, proprietary fund, and fiduciary fund financial statements and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted balances represent those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific

purposes pursuant to constraints imposed by formal action of the Legislature, such as dedicated revenues or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes, by directive of the Executive Appropriations Committee of the Legislature or in some cases by legislation. See Note 12 for additional information about fund balances.

The State maintains three stabilization accounts: (***1***) the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") reported as committed fund balance; (***2***) the Medicaid Growth Reduction and Budget Stabilization Restricted Account in the General Fund ("the Medicaid Budget Stabilization Account") reported as committed fund balance; and (***3***) the Education Budget Reserve Account in the Education Fund (the "Education Reserve") reported as restricted fund balance. The resources of these accounts may only be expended when specific non-routine budget shortfalls occur and upon appropriation by the Legislature.

Statutorily, the State established a minimum fund balance policy for the Disaster Recovery Restricted Account and the Local Government Emergency Response Loan Fund. Both these funds may issue loans for specific emergencies as long as a minimum fund balance is maintained in the funds. See Note 12 for additional information about the stabilization accounts and funds with a statutory minimum fund balance requirement.

F. Restricted and Unrestricted Resources

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources and unrestricted-committed resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodity revenues and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2016, the State reported revenues and expenditures of $25.512 million for commodities in the General Fund, and $17.746 million for commodities in the Education Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands Fund (permanent fund) and the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Education Fund and the General Fund, respectively. A portion of the applicable income reported in the General Fund is then transferred into the State Endowment Fund to increase the principal in the fund as required by state law. The Trust Lands Fund generated $49.935 million of cash investment earnings that was reported directly in the Education Fund. The State Endowment Fund generated $3.871 million of cash investment earnings, of which $2.342 million was reported in the General Fund and $1.529 million was reported in the State Endowment Fund.

G. Interfund Transactions

Government-wide Financial Statements

Interfund Activity — In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount.

Interfund Balances — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

Governmental Fund Financial Statements

Interfund Activity — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 14.

H. Future Changes in Accounting Standards

The governmental Accounting Standards Board (GASB) issued Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* These new accounting and reporting standards will require additional reporting requirements and will impact the State's measurement and recognition of liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures in government-wide and fund financial statements. GASB Statement No. 75 will require the State to record a liability in the government-wide statements equal to the State's

other postemployment benefits (OPEB), less the amount of the OPEB plan's fiduciary net position (NPL).

The State administers two single-employer OPEB plans, the State Employee OPEB Plan and the Elected Official OPEB Plan. The total NPL for both Plans will reduce the State's unrestricted net position in the government-wide statements by less than $200 million. The State intends to implement both Statements for fiscal year 2017. See Note 18 for additional information about the Plans.

NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

For the fiscal year ended June 30, 2016, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 72, *Fair Value Measurement and Application.*

GASB Statement 82, *Pension Issues.*

GASB Statement 72 – This Statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. There was no impact to beginning net position as a result of implementing this Statement.

See Notes 3 and 4 for further information on fair value measurement reporting.

GASB Statement 82 – This Statement clarifies that the measure of payroll that is required to be presented in pension-related schedules of Required Supplementary Information (RSI) should be *covered payroll. Covered payroll* is the payroll on which contributions to a pension plan are based. In addition, this Statement clarifies that payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions should be classified as plan member contributions. As a result of implementing the Statement changes were made to RSI and other disclosures that reflect the new requirements of this Statement.

In addition, GASB Statement 68, *Accounting and Financial Reporting for Pensions,* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* were implemented for Utah Dairy Commission (nonmajor enterprise fund), Public Employees Health Program (major discrete component unit) and Utah State Fair Corporation (nonmajor discrete component unit). These entities have fiscal years ending December 31. Other than noted above, the State of Utah's reporting entity implemented these Statements in the prior fiscal year.

As a result of implementing GASB Statements 68 and 71 for Utah Dairy Commission, beginning net position for business-type activities on the Statement of Activities was reduced by $367 thousand. This reduction is also reported on the Statement of Revenues, Expenses, And Changes in Fund Net Position – Proprietary Funds (Utah Dairy Commission – nonmajor enterprise fund). This reduction reflects a $467 thousand share of the beginning net pension liability and $100 thousand of contributions made to URS between January 1 and December 31, 2014.

As a result of implementing GASB Statement 68 and 71 for Public Employees Health Plan and Utah State Fair Corporation, the beginning net position for discrete component units was reduced by $10.061 million on the Statement of Activities. This reduction is also reported on the Combining Statement of Activities – Component Units. This reduction reflects the component units' share of the beginning net pension liability of $12.92 million and $2.859 million of contributions made to URS between January 1 and December 31, 2014.

See Note 17 for further information on pension reporting.

Other Adjustments and Changes

During the 2015 General Session, the Legislature passed Senate Bill 247, *State Employees' Annual Leave Trust Fund Amendments.* This statute creates the *State Employees' Annual Leave Trust Fund* (other employee benefit trust funds) and allows for the cost of annual leave to be paid from the Trust Fund upon an employees' termination or retirement. As a result of this statute and direction from the trust fund board, *all* leave benefits (annual leave, converted sick leave, and sick leave vested upon retirement), are now paid from either the Other Employee Benefits Trust Fund or from the State Employees' Annual Leave Trust Fund depending on the type of benefit being paid. These benefits were previously paid from termination pool accounts operated out of the General Fund, Education Fund, and Transportation Fund. A prior period adjustment was made on the Statement of Revenues, Expenditures, and Changes in Fund Balances to adjust beginning fund balance in the General Fund (major governmental fund) by $3.472 million, Education Fund (major governmental fund) by $506 thousand, and Transportation Fund (major governmental fund) by ($2.952) million. The beginning net position of governmental activities increased $1.026 million on the Statement of Activities. The beginning net position on the Combining Statement of Changes in Fiduciary Net Position for the Other Employee Benefits Trust Fund and for the State Employees' Annual Leave Trust Fund (other employee benefit trust funds) decreased $459 thousand and $567 thousand respectively.

During the 2015 General Session, the Legislature passed House Bill 258*, Employee Classification Amendments,* which in part reclassifies the Water Commissioner Fund from a fiduciary fund to a nonmajor special revenue fund. As a result of this change a prior period adjustment of $914 thousand was made to increase beginning net position of governmental activities on the Statement of Activities This increase is also reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (miscellaneous special revenue). A reclassification of $914 thousand was made to reduce beginning net position on the Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds.

During the 2015 General Session, the Legislature passed Senate Bill 90, *Utah Navajo Royalties Amendments.* This statute created the Utah Navajo Trust Fund which replaces the Utah Navajo Royalties Fund. In addition, the statute created a board of trustees to administer the fund comprised of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Management and Budget, or the director's designee. Finally, Senate Bill 90 exempts the Navajo Trust Fund from the State Money Management Act.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code* Title 51, Chapter 7) and rules of the State Money Management Council. However, the Act also permits certain funds that have a long time horizon to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the State Endowment (special revenue fund), Trust Lands (permanent fund), Utah Educational Savings Plan Trust (private purpose trust), Employers' Reinsurance Trust (private purpose trust), Navajo Trust (private purpose trust), and Utah Retirement Systems and Other Benefits Trust Funds (fiduciary funds). The discrete component units exempt from the Act are Public Employees Health Program and the college and universities' endowment funds.

A. Primary Government

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and that has been certified by the State Commissioner of Financial Institutions as having met the requirements of the Act and adhering to the rules of the State Money Management Council.

Deposits with qualified depository institutions in excess of FDIC insurance limits are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by State statute. The deposits for the primary government at June 30, 2016, including those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans), were $1.785 billion. These deposits are exposed to custodial credit risk as follows:

- $641.318 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $1.076 billion of the primary government deposits which are in FDIC-insured accounts that are held in trust by UESP at two banks. Funds in the FDIC-insured accounts are insured on a pass-through basis to each account owner at each bank up to $250,000. The amount of FDIC insurance provided to an account owner is based on the total of (***1***) the value of an account owner's investment in the FDIC-insured account at each bank plus, (***2***) the value of other accounts held (if any) at each bank, as determined by the banks and by FDIC regulations. It is the account owner's responsibility to determine how investments in the FDIC-insured accounts would be aggregated with other investments at the banks for purposes of FDIC insurance coverage.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government-sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; the Utah Public Treasurers' Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

The Utah Educational Savings Plan Trust is permitted to invest in the Utah Public Treasurers' Investment Fund; mutual funds, securities, or other investments registered with the United States Securities and Exchange Commission; federally insured depository institutions; stable value products, including guaranteed investment contracts, guaranteed interest contracts, and guaranteed insurance contracts; and any investments that are determined by the board of directors of the Utah Educational Savings Plan to be appropriate and that would be authorized under the provisions of the Money Management Act or Rule 2 of the State Money Management Council.

The primary government's investments at June 30, 2016, are presented below except those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans). The investments are presented at fair value and by investment type with debt securities presented by maturity.

Note 3.B. presents the investments of the Utah Retirement Systems (URS) (pension trust and defined contribution plans). URS investments are presented consistent with their separately issued financial statements by investment type.

Fair Value Measurements

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2016, for the primary government, with the exception of URS.

(*Table on next page*.)

Primary Government
Investments and Derivative Instruments Measured at Fair Value
(except pension trust and defined contribution plans)
At June 30, 2016
(*Expressed in Thousands*)

	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Agencies	$ 963	$ 963	$ —	$ —
Corporate Debt	9,392,341	—	9,392,341	—
Money Market Mutual Funds	1,050,000	1,050,000	—	—
Commercial Paper	983,950	—	983,950	—
Bond Mutual Funds	3,213,937	3,213,937	—	—
Total Debt Securities	14,641,191	$ 4,264,900	10,376,291	0
Equity Securities				
Domestic Equity	5,767,320	5,767,320	—	—
International Equity	1,489,939	1,489,939	—	—
Equity Securities	147	147	—	—
Total Equity Securities	7,257,406	7,257,406	0	0
Total Investments by Fair Value Level	21,898,597	$ 11,522,306	$ 10,376,291	$ 0
Investments Measured at the Net Asset Value (NAV)				
Real Estate	284,694			
Total Investments Measured at the NAV	284,694			
Total Investments Measured at Fair Value	$ 22,183,291			
Investment Derivative Instruments				
Interest Rate Exchange (swap)	$ 28,730	$ 0	$ 0	$ 28,730

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Other debt securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds and Notes are valued using quoted prices for identical securities in markets that are not active;
- Commercial Paper is valued using quoted prices for identical or similar securities in markets that are not active.

Mutual funds classified in Level 1 are valued using prices provided by the fund company.

Investments Measured at the Net Asset Value (NAV)

Trust Lands Fund (permanent fund) has real estate investments measured at the net asset value (NAV). The Fund invests in commercial real estate, located in the United States, primarily through funds structured as limited partnerships or real estate investment trusts. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The fair value of the ten real estate investments totals $284.694 million. The Fund invests in both open-end and closed-end type structures as described below.

The two investments in the open-end real estate funds invest in high quality core assets, diversified by geographic region and property type. The investments in one fund are equity-oriented, while the other fund invests in participating mortgages. The open-end funds allow for quarterly purchases depending on the funds' cash needs and redemptions with sixty days written notice at the next quarterly valuation, subject to available cash. If redemption requests are greater than available cash, the redemptions are fulfilled on a pro rata basis each quarter, until all redemption requests have been fulfilled. The fair value of investments in open-end funds totals $133.188 million.

The eight investments in closed-end real estate funds have a total fair value of $151.506 million. There are four investments that have remaining commitments of $41.9 million out of the original commitments totaling $134.8 million. The predominant investment strategy is to invest in near core properties with short-term challenges and sell the properties to core funds when the challenges are addressed. A limited amount of the investments employ an opportunistic approach. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying assets of the funds are liquidated. It is expected that the underlying assets will be liquidated between 2016 and 2024.

Investment Derivative Instruments

The Student Loan Purchase Program (major enterprise fund – student assistance programs) has an interest rate exchange (swap) investment derivative instrument. This investment fair value classification is Level 3. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Interest Rate Risk

The following table presents the investments at June 30, 2016, for the primary government, with the exception of URS.

Primary Government Investments
(except pension trust and defined contribution plans)
Investments at Fair Value
At June 30, 2016
(*Expressed in Thousands*)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1–5	6–10
Debt Securities				
U.S. Agencies	$ 963	$ —	$ —	$ 963
Corporate Debt	9,392,341	9,392,341	—	—
Money Market Mutual Funds	1,050,000	1,050,000	—	—
Commercial Paper	983,950	983,950	—	—
Bond Mutual Funds	3,213,937	10,165	2,001,302	1,202,470
Total Debt Securities Investments	14,641,191	$ 11,436,456	$ 2,001,302	$ 1,203,433
Other Investments				
Equity Securities	147			
Equity Mutual Funds Securities:				
Domestic	5,767,320			
International	1,489,939			
Real Estate Held for Investment Purposes	284,694			
Discrete Component Units–Investment in Primary Government's Investment Pool	(691,622)			
Total Investments	$ 21,491,669			

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The primary government's policy for managing interest rate risk, with the exception of URS, is to comply with the Money Management Act. Section 51–7–11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

The majority of the primary government's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments):

- Utah Educational Savings Plan Trust (private purpose trust) – $4.595 billion, 56.7 percent, in domestic equity mutual fund securities; $2.346 billion, 28.9 percent, in bond mutual funds; $1.09 billion, 13.5 percent, in international equity mutual fund securities; and $74.923 million, 0.9 percent, in the Utah Public Treasurers' Investment Fund.
- Trust Lands (permanent fund) – $927.19 million, 43.6 percent, in domestic equity mutual fund securities; $488.105 million, 23.0 percent, in bond mutual funds; $366.27 million, 17.2 percent, in international equity mutual fund securities; $284.694 million, 13.4 percent in real estate; and $59.041 million, 2.8 percent, in the Utah Public Treasurers' Investment Fund.
- State Post-Retirement Benefits Trusts for State Employee and Elected Official (pension and other employee benefit trust funds) – $162.622 million, 66.3 percent, in bond mutual funds; $50.088 million, 20.4 percent, in domestic equity mutual fund securities; $24.973 million, 10.2 percent, in

international equity mutual fund securities; and $7.582 million, 3.1 percent, in the Utah Public Treasurers' Investment Fund.

- State Endowment Fund (special revenue fund) – $107.714 million, 62.9 percent, in domestic equity mutual fund securities; $57.051 million, 33.3 percent, in bond mutual funds; $5.583 million, 3.3 percent, in international equity mutual fund securities; and $904 thousand, 0.5 percent, in the Utah Public Treasurers' Investment Fund.
- Student Assistance Programs (major enterprise fund) – $82.844 million, 40.9 percent, in domestic equity mutual fund securities; $118.819 million, 58.6 percent, in the Utah Public Treasurers' Investment Fund; and $963 thousand, 0.5 percent, in the U.S. Government securities.
- Employers' Reinsurance Trust (private purpose trust) – $151.257 million, 85.7 percent, in bond mutual funds; $4.316 million, 2.4 percent, in domestic equity mutual fund securities; $3.051 million, 1.7 percent, in international equity mutual fund securities; and $17.885 million, 10.1 percent, in the Utah Public Treasurers' Investment Fund.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of URS, follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2016, with the exception of URS, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

Primary Government Rated Debt Investments
(except pension trust and defined contribution plans)
At June 30, 2016
(*Expressed in Thousands*)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 963	$ 963	$ —	$ —	$ —
Corporate Debt	$ 9,392,341	$ 39,960	$ 1,388,999	$ 5,970,184	$1,993,198
Money Market Mutual Funds	$ 1,050,000	$ —	$ —	$ —	$ —
Commercial Paper	$ 983,950	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 3,213,937	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	A2 *	Not Rated
U.S. Agencies	$ —	$ —	$ —
Corporate Debt	$ —	$ —	$ —
Money Market Mutual Funds	$ —	$ —	$ 1,050,000
Commercial Paper	$ 893,963	$ 89,987	$ —
Bond Mutual Funds	$ —	$ —	$ 3,213,937

***** A1 and A2 are Commercial Paper ratings

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government's investments at June 30, 2016, with the exception of URS, were held by the State or in the State's name by the State's custodial banks.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for URS, the primary government's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Such limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had no debt securities investments at June 30, 2016, with more than 5 percent of the total investments in a single issuer.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The

primary government, with the exception of URS, does not have a formal policy to limit foreign currency risk.

The following funds have investments in international equity funds, and as such, no foreign currency risk is presented: Utah Educational Savings Plan Trust (private purpose trust) $1.09 billion, Trust Lands (permanent fund) $366.27 million, State Post-Retirement Benefits Trusts for State Employee and Elected Official (pension and other employee benefit trust funds) $24.973 million, State Endowment Fund (special revenue fund) $5.583 million, and Employers' Reinsurance Trust (private purpose trust) $3.051 million.

B. Primary Government — Utah Retirement Systems

Investments

The Utah Retirement Systems' and Plans' (URS) (pension trust and defined contribution plans) investments by type are presented below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments at Fair Value
At December 31, 2015
(*Expressed in Thousands*)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Short-term Securities Pools	$ 2,229,799	$ 23,156	$ 2,252,955
Debt Securities	3,640,548	1,636,773	5,277,321
Equity Securities	7,893,471	2,691,513	10,584,984
Absolute Return	4,141,321	—	4,141,321
Private Equity	3,214,680	—	3,214,680
Real Assets	4,025,398	151,179	4,176,577
Investments Held by Broker-dealers under Securities Lending Program:			
Debt Securities	641,058	—	641,058
Equity Securities	1,300,039	—	1,300,039
Total	27,086,314	4,502,621	31,588,935
Securities Lending Collateral Pool	2,017,935	—	2,017,935
Total Investments	$ 29,104,249	$ 4,502,621	$ 33,606,870

The Systems and Plans value these investments in good faith at the Systems' and Plans' pro-rata interest in the net assets of these investments based upon audited financial statements or other information provided to the Systems and Plans by the underlying investment managers. The estimated fair value of these investments may differ significantly from values that would have been used had a ready market existed.

Fair Value Measurements

The Systems and Plans categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 Unadjusted quoted prices for identical instruments in active markets.
Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Systems and Plans assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The following table shows the fair value leveling of the investments for the Systems and Plans.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest, which approximates fair value.

Equity and derivative securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and debt derivative securities classified in Level 2 and Level 3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Index-linked debt securities are valued by multiplying the external market price feed by the applicable day's Index Ratio. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level 3 debt securities use proprietary information or single-source pricing. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

Real assets classified in Level 1 are valued using prices quoted in active markets for those securities. Real assets classified in Level 3 are real estate investments generally valued using the income approach by internal manager reviews or independent external appraisers. The Systems and Plans policy is to obtain an external appraisal a minimum of every three years for properties or portfolios that the Systems and Plans have some degree of control or discretion. In practice, some investments are appraised annually. Appraisals are performed by an independent appraiser with preference for Member Appraisal Institute (MAI) designated appraisers. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

(*Table on next page*.)

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments and Derivative Instruments Measured at Fair Value
At December 31, 2015
(*Expressed in Thousands*)

	Defined Benefit				Defined Contribution			
		Fair Value Measures Using				Fair Value Measures Using		
	12/31/15	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	12/31/15	Quoted Prices in Active Markets in Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level3
Investments by Fair Value Level								
Short-term Securities	$ 2,228,843	$ —	$ 2,228,843	$ —	$ 23,156	$ —	$ 23,156	$ —
Debt Securities								
Asset Backed Securities	320,466	—	237,282	83,184	20,453	—	17,229	3,224
Commercial Mortgage-backed	218,411	—	137,239	81,172	6,810	—	964	5,846
Corporate Bonds	758,206	—	751,923	6,283	284,126	—	280,587	3,539
Corporate Convertible Bonds	870	—	—	870	—	—	—	—
Fixed Income Other	—	—	—	—	43,886	—	43,826	60
Government Agencies	68,375	—	68,357	18	86,920	—	86,920	—
Government Bonds	1,049,900	—	1,049,522	378	183,715	—	179,697	4,018
Government Mortgage Backed Securities	719,295	—	701,163	18,132	—	—	—	—
Gov't-issued Commercial Mortgage-Backed	41,953	—	41,953	—	72,550	—	72,097	453
Index Linked Government Bonds	1,029,226	—	1,017,836	11,390	25,867	—	25,867	—
Municipal/Provincial Bonds	18,972	—	14,891	4,081	21,787	—	21,787	—
Non-government Backed C.M.O.s	60,319	—	16,519	43,800	612	—	380	232
Total Debt Securities	4,285,993	—	4,036,685	249,308	746,726	—	729,354	17,372
Equity Investments								
Basic Materials	46	—	46	—	—	—	—	—
Consumer Goods	1,901,389	1,899,245	281	1,863	321,563	321,563	—	—
Energy	498,176	498,153	23	—	55,768	55,768	—	—
Equity Other	1,946	1,804	—	142	44,477	849	43,620	8
Financials	1,708,220	1,702,404	4,015	1,801	163,642	163,642	—	—
Health Care	928,712	928,629	28	55	214,368	214,368	—	—
Industrials	1,076,773	1,076,538	165	70	107,342	107,342	—	—
Information Technology	1,360,656	1,360,304	51	301	335,285	335,285	—	—
Materials	451,026	450,346	7	673	28,572	28,572	—	—
Real Estate Investment Trusts	—	—	—	—	31,334	31,334	—	—
Self Directed Brokerage Window	—	—	—	—	139,380	137,853	1,527	—
Technology	6	—	6	—	—	—	—	—
Telecommunication Services	207,776	206,689	1,087	—	20,142	20,142	—	—
Utilities	229,000	228,960	19	21	23,882	23,882	—	—
Total Equity Investments	8,363,726	8,353,072	5,728	4,926	1,485,755	1,440,600	45,147	8
Real Assets								
Agriculture	17,314	—	—	17,314	—	—	—	—
Commodities	24,907	24,907	—	—	—	—	—	—
Real Estate	2,029,257	—	—	2,029,257	—	—	—	—
Total Real Assets	2,071,478	24,907	—	2,046,571	—	—	—	—
Total Investments by Fair Value Level	$ 16,950,040	$ 8,377,979	$ 6,271,256	$ 2,300,805	$ 2,255,637	$ 1,440,600	$ 797,657	$ 17,380

Investments and Derivative Instruments Measured at Fair Value
(Continued)

	Defined Benefit				Defined Contribution			
		Fair Value Measures Using				Fair Value Measures Using		
	12/31/15	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	12/31/15	Quoted Prices in Active Markets in Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level3
Investments Measured at the Net Asset Value (NAV)								
Equity Investments								
Co-mingled International Equity Fund	$ 575,484				$ 426,275			
Co-mingled U.S. Small Cap Equity Fund	253,993				431,824			
Co-mingled Large Cap Equity Fund	—				332,519			
Co-mingled Russell 1000 Growth Equity F.	—				15,140			
Total Equity Investments Measured at the NAV	829,477				1,205,758			
Absolute Return								
Directional	772,744				—			
Equity Long/Short	271,203				—			
Event Driven	1,004,565				—			
Multistrategy	1,011,413				—			
Relative Value	1,081,396				—			
Total Absolute Return Measured at the NAV	4,141,321				—			
Private Equity – Private Equity Partnerships	3,214,680				—			
Real Assets								
Co-mingled Commodities Fund	—				42,905			
Co-mingled Real Estate Fund	—				108,274			
Energy	742,935				—			
Minerals	188,200				—			
Real Estate	854,885				—			
Royalty	7,519				—			
Timber	187,292				—			
Total Real Assets Measured at the NAV	1,980,831				151,179			
Total Investments Measured at the NAV	10,166,309				1,356,937			
Total Investments Measured at Fair Value	$ 27,116,349				$ 3,612,574			
Synthetic Guaranteed Investments Contracts Measured at Contract Value	—				$ 890,128			
Investment Derivative Instruments								
Short-term Securities – Options	$ 956	$ —	$ 629	$ 327	$ —	$ —	$ —	$ —
Debt Securities								
Options	554	—	554	—	38	—	38	—
Swaptions	(3,098)	—	(3,098)	—	(83)	—	(83)	—
Swap Liabilities	(3,977)	—	(3,977)	—	(338)	—	(338)	—
Swap Assets	2,134	—	2,134	—	302	—	302	—
Total Debt Security Derivatives	(4,387)	—	(4,387)	—	(81)	—	(81)	—
Equity Investments – Options	307	307	—	—	—	—	—	—
Real Assets – Swap Liabilities	(26,911)	—	(26,911)	—	—	—	—	—
Total Investment Derivative Investments	$ (30,035)	$ 307	$ (30,669)	$ 327	$ (81)	$ —	$ (81)	$ —
Invested Securities Lending Collateral								
Debt Securities	$ 943,548	$ —	$ 943,548	$ —	$ —	$ —	$ —	$ —
Equity Investments	1,074,387	1,074,387	—	—	—	—	—	—
Total Invested Securities Lending Collateral	$ 2,017,935	$ 1,074,387	$ 943,548	$ —	$ —	$ —	$ —	$ —

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments Measured at the NAV — Defined Benefit
At December 31, 2015
(*Expressed in Thousands*)

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity Investments				
Co-mingled International Equity Fund	$ 575,484	$ —	Daily	None
Co-mingled U.S. Small Cap Equity Fund	253,993	—	Daily	None
Total Equity Investments	829,477	—		
Absolute Return				
Directional	772,744	47,585	Monthly, Quarterly	3–60 days
Equity Long/Short	271,203	—	Monthly, Quarterly, Annually	30–90 days
Event Driven	1,004,565	—	Monthly, Quarterly, Semi-annually, Annually, Bi-Annually	60–120 days
Multistrategy	1,011,413	—	Monthly, Quarterly, Semi-annually, Annually	45–90 days
Relative Value	1,081,396	8,378	Weekly, Monthly, Quarterly	5–90 days
Total Absolute Return	4,141,321	55,963		
Private Equity – Partnerships	3,214,680	1,463,144	Not eligible	N/A
Real Assets				
Energy	742,935	671,779	Not eligible	N/A
Minerals	188,200	106,127	Not eligible	N/A
Real Estate *	854,885	183,162	Not eligible	N/A
Royalty	7,519	—	Not eligible	N/A
Timber *	187,292	—	Not eligible	N/A
Total Real Assets	1,980,831	961,068		
Total Investments Measured at the NAV	$ 10,166,309	$ 2,480,175		

* *See redemption descriptions for these investments under Real Estate and Timber Funds.*

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the table above and on the following page. Synthetic guaranteed investment contracts that are fully benefit-responsive are measured at contract value and do not participate in fair value changes.

Defined Benefit

- **Co-Mingled International Equity Fund and Co-Mingled Small Cap Fund**. This type consists of one institutional investment fund that invests in international equities diversified across all sectors and one fund that invests in U.S. small cap equities. The fair values of the investments in these types have been determined using the NAV per share of the investments.

- **Absolute Return Funds**. The fair values of the investments in this type have been determined using the NAV per share of the investments. *Directional funds* include investments in six funds whose investments are more directional in nature, although they can shift opportunistically between having a directional bias and a non-directional bias. One fund, which represents 3 percent of the portfolio, is restricted from redemption for 2.5 years. *Equity long/short funds* include investments in four funds in which the equity securities maintain some level of market exposure (either net long or net short); however the level of market exposure may vary through time. *Event driven funds* include investments in 12 funds whose investments focus on identifying and analyzing securities that can benefit from the occurrence of an extraordinary corporate transaction or event (e.g., restructurings, takeovers, mergers, spin-offs, bankruptcy, etc.). Two funds are in the process of redemption totaling $25.3 million or 3 percent over the next 2 to 10 years. *Multi-strategy funds* include investments in 10 funds. Investments in these funds represent a mix of the other absolute return strategies. *Relative value funds* include investments in 13 funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. It is anticipated five of these funds representing $161.8 million or 15 percent will be redeemed over the next 1 to 10 years. One fund, which represents 4 percent of the value in this type, is restricted from redemption for 6 months as of December 31, 2015. All other funds currently have no redemption restrictions other than the restrictions noted above.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments Measured at the NAV — Defined Contribution
At December 31, 2015
(*Expressed in Thousands*)

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity Securities				
Co-mingled Large Cap Equity Fund	$ 426,275	$ —	Daily	None
Co-mingled International Equity Fund	431,824	—	Daily	None
Co-mingled U.S. Small Cap Equity Fund	332,519	—	Daily	None
Co-mingled Russell 1000 Growth Equity Fund	15,140	—	Daily	None
Total Equity Securities	1,205,758	—		
Real Assets				
Co-mingled Real Estate Equity Fund	108,274	—	Quarterly	90 days
Co-mingled Commodities Fund	42,905	—	Daily	None
Total Real Assets	151,179	—		
Total Investments Measured at the NAV	$ 1,356,937	$ —		

- **Private Equity Partnerships**. This type includes investments in limited partnerships. Generally speaking, the types of partnership strategies included in this portfolio: venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The majority of the private equity partnership investments are managed by two gatekeepers. Both gatekeepers manage discretionary accounts for URS. The gatekeepers are required to manage the private equity portfolio in accordance with guidelines established by URS. The Systems and Plans have no plans to liquidate the total portfolio. As of December 31, 2015, it is probable all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital.

- **Energy, Mineral, and Royalty Funds**. Investments in Energy funds consist of 16 private equity partnerships that invest primarily in oil and gas related investments. Mineral funds include four private equity partnerships that invest 74 percent equity securities related to mineral mining, 12 percent in commodities, and 14 percent in other mining investments. Royalty funds include one private equity partnership that invests primarily in drug royalties. These investments have an approximate life of 10 years and are considered illiquid. Redemption restrictions are in place over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized. As of December 31, 2015, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital. The fair values of these investments have been determined using estimates provided by the underlying partnerships using recent observable transactions information for similar investments.

- **Real Estate and Timber Funds**. *Real estate funds* include 15 investments that are invested primarily in apartments and retail space in the United States. *Timber funds* include two funds that invest in timber related resources. Investments in these types can never be redeemed with the funds. Instead, the nature of these investments are that distributions from each investment will be received as the underlying investments are liquidated. Because it is probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital.

Defined Contribution

- **Co-Mingled Funds**. The fair values of the investments of this type have been determined using the NAV per share of the investments. The *co-mingled real estate equity fund* is comprised of institutional quality commercial real estate across a broad range of real estate asset types. The *co-mingled commodities fund* invests mainly in bulk goods and raw materials. The other funds invest in securities indicative of their name.

Interest Rate Risk

Utah Retirement Systems (URS) (pension trust and defined contribution plans) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio will have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.
- The global debt securities investment managers will maintain an effective duration of their portfolio between 75 and 125 percent of the appropriate index.
- The global debt inflation-linked debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

URS compares an investment's effective duration against the Barclays Capital U.S. Aggregate Index for domestic debt securities, the Barclays Capital Global Aggregate Index (USD hedged) for global debt securities and the Barclays Capital World Government Inflation-Linked Investment Bond Index (USD hedged) for inflation-linked debt securities. The index range at December 31, 2015, was 4.26 – 7.10 for domestic debt securities, 4.92 – 8.20 for global debt securities, and 9.46 – 14.20 for inflation-linked debt securities. URS compares an investment's effective duration against the Barclays Capital U.S. Aggregate Index for domestic debt securities, the Barclays Capital Global Aggregate Index ex-U.S. (unhedged) for international debt securities and the Barclays Capital Global Inflation Linked Bond Index 1-10 Year (USD hedged) for inflation-linked debt securities. The index range as of December 31, 2015, was 4.26 – 7.10 for domestic debt securities, 6.12 – 9.18 for international debt securities and 3.89 – 5.83 for inflation-linked debt securities. At December 31, 2015, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2015, the following tables show the investments by investment type, amount, and the effective weighted duration.

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments
At December 31, 2015
(*Expressed in Thousands*)

	Defined Benefit Plans		Defined Contribution Plans		Total
Investment	**Fair Value**	**Effective Weighted Duration**	**Fair Value**	**Effective Weighted Duration**	**All Systems and Plans**
Asset-backed Securities	$ 320,466	1.58	$ 20,453	1.65	$ 340,919
Commercial Mortgage-backed	218,411	3.07	6,810	7.09	225,221
Corporate Bonds	758,206	5.79	284,126	9.25	1,042,332
Corporate Convertible Bonds	870	—	—	—	870
Fixed Income Derivatives	(2,544)	—	(45)	—	(2,589)
Fixed Income Other	—	—	43,886	—	43,886
Government Agencies	68,375	5.67	86,920	7.36	155,295
Government Bonds	1,049,900	7.45	183,715	10.87	1,233,615
Government Mortgage-backed Securities	719,295	3.62	—	—	719,295
Gov't Issued Commercial Mortgage-backed	41,953	6.31	72,550	4.90	114,503
Index Linked Government Bonds	1,029,226	11.68	25,867	5.23	1,055,093
Municipal/Provincial Bonds	18,972	12.99	21,787	5.27	40,759
Non-government Backed C.M.O.s	60,319	2.38	612	1.31	60,931
Swaps	(1,843)	—	(36)	—	(1,879)
Synthetic Guaranteed Investment Contracts measured at contract value	—	—	890,128	—	890,128
Total Debt Securities Investments	$ 4,281,606	6.91	$ 1,636,773	7.35	$ 5,918,379

Credit Risk of Debt Securities

URS expects their domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- U.S. Government and Agency Securities — no restriction.
- Total portfolio quality will maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB– are considered below investment grade. No more than 5 percent of an investment manager's assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar-denominated bonds.
- The international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment grade (S&P index BBB– or Moody's index Baa3). The remaining assets will have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2015, is AAA and the fair value of below grade investments is $431.284 million or 7.29 percent.

The following table presents the URS credit risk ratings as of December 31, 2015:

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments at Fair Value
At December 31, 2015
(*Expressed in Thousands*)

	Quality Rating	Defined Benefit Plans	Defined Contribution Plans	Total All Systems and Plans
	AAA	$ 769,507	$ 187,534	$ 957,041
	AA+	395,671	27,745	423,416
	AA	93,191	43,062	136,253
	AA–	86,161	—	86,161
	A+	114,322	32,234	146,556
	A	237,445	43,290	280,735
	A–	119,211	55,553	174,764
	BBB+	328,839	167,108	495,947
	BBB	180,227	103,574	283,801
	BBB–	267,190	57,817	325,007
	BB+	9,191	19,752	28,943
	BB	21,266	16,830	38,096
	BB–	2,482	10,834	13,316
	B+	3,034	12,770	15,804
	B	24,639	6,591	31,230
	B–	9,807	3,341	13,148
	CCC+	4,312	—	4,312
	CCC	6,020	4,749	10,769
	CCC–	699	—	699
	CC	1,008	—	1,008
	D	6,372	—	6,372
	NR	65,709	201,878	267,587
Total Credit Risk Debt Securities.....		2,746,303	994,662	3,740,965
U.S. Government and Agencies:				
Fed Home Loan Mortgage Corp .	NR	179,304	227,452	406,756
Fed National Mortgage Corp.....	NR	428,744	118,756	547,500
Gov't National Mortgage Assoc .	NR	166,137	89,256	255,393
United States Treasury	NR	728,309	178,610	906,919
Other Government & Agencies...	NR	32,809	28,037	60,846
Total Unrated Government and Agencies.....		1,535,303	642,111	2,177,414
Total Debt Securities Investments.....		$ 4,281,606	$ 1,636,773	$ 5,918,379

Custodial Credit Risk

URS does not have an investment policy regarding custodial credit risk. At December 31, 2015, URS has $54.338 million frictional cash and cash equivalents subject to custodial credit risk in foreign banks in URS's name. Because it is in foreign banks, it is subject to custodial risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks. URS also has other investments of $130.149 million with exposure to custodial credit which has not been determined.

Concentration of Credit Risk

URS expects their investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager's assets at market with a single issuer.
- AA–/Aa3 Debt Securities or higher — no more than 4 percent of an investment manager's assets at market with a single issuer.
- A–/A3 Debt Securities or higher — no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB–/Baa3 Debt Securities or higher — no more than 2 percent of an investment manager's assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or Real Estate Investment Trust (REIT) securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.
- For International Equity Securities — no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

As of December 31, 2015, URS had no single issuer investments that exceeded the above guidelines.

Foreign Currency Risk

URS expects the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment manager's contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. URS' exposure to foreign currency risk is shown in the table below.

(*Table on next page*.)

Utah Retirement Systems
(pension trust and defined contribution plans)
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2015
(*Expressed in Thousands*)

	Defined Benefit Plans				Defined Contribution Plans				Total All Systems
Currency	**Short-term**	**Debt**	**Equity**	**Total**	**Short-term**	**Debt**	**Equity**	**Total**	**and Plans**
Argentine peso	$ —	$ —	$ 12,602	$ 12,602	$ —	$ —	$ —	$ —	$ 12,602
Australian dollar	2,734	145,416	148,672	296,822	102	21,993	—	22,095	318,917
Bermudian dollar	—	880	2,077	2,957	—	—	—	—	2,957
Brazilian real	1,000	5,155	50,249	56,404	—	12,949	—	12,949	69,353
British pound	6,957	293,716	603,440	904,113	270	36,317	11,104	47,691	951,804
Cambodian riel	—	—	58	58	—	—	—	—	58
Canadian dollar	769	89,913	213,624	304,306	167	6,816	4,658	11,641	315,947
Cayman Islands dollar	—	21,682	125	21,807	—	—	—	—	21,807
Chilean peso	264	2,119	13,299	15,682	—	1,361	—	1,361	17,043
Chinese renminbi	—	1,461	199,792	201,253	—	—	6,924	6,924	208,177
Columbian peso	175	4,756	4,113	9,044	—	—	—	—	9,044
Czech koruna	68	—	1,033	1,101	—	—	—	—	1,101
Danish krone	32	1,946	81,563	83,541	—	264	3,838	4,102	87,643
Egyptian pound	363	—	—	363	—	—	—	—	363
European Euro	22,253	471,055	883,934	1,377,242	180	81,206	13,006	94,392	1,471,634
Georgian lari	—	—	32	32	—	—	—	—	32
Gibraltarian pound	—	—	198	198	—	—	—	—	198
Hong Kong dollar	2,396	—	99,752	102,148	—	—	—	—	102,148
Hungarian forint	138	—	4,747	4,885	—	223	—	223	5,108
Icelandic krona	—	2,478	—	2,478	—	922	—	922	3,400
Indian rupee	1,019	865	102,851	104,735	—	—	—	—	104,735
Indonesian rupiah	266	—	12,550	12,816	—	—	—	—	12,816
International region	—	—	461,926	461,926	—	—	431,824	431,824	893,750
Israeli new shekel	223	1,862	17,890	19,975	—	—	—	—	19,975
Jamaican dollar	—	969	—	969	—	299	—	299	1,268
Japanese yen	10,880	(3,992)	635,051	641,939	797	7,281	—	8,078	650,017
Macanese pataca	—	—	612	612	—	—	—	—	612
Malaysian ringgit	400	—	27,246	27,646	—	—	—	—	27,646
Mexican peso	280	12,110	36,862	49,252	424	14,506	—	14,930	64,182
Moroccan dirham	21	11,938	—	11,959	—	1,954	—	1,954	13,913
Multi-National agencies region	—	8,123	—	8,123	—	226	—	226	8,349
New Zealand dollar	184	11,214	6,117	17,515	—	653	—	653	18,168
Norwegian krone	170	12,174	13,284	25,628	21	606	104	731	26,359
Panamanian balboa	—	875	—	875	—	—	—	—	875
Papua New Guinean kina	—	—	180	180	—	—	—	—	180
Peruvian nuevo sol	26	5,111	1,716	6,853	—	163	114	277	7,130
Philippines peso	23	—	10,310	10,333	—	—	—	—	10,333
Polish zloty	282	350	6,674	7,306	17	—	—	17	7,323
Russian ruble	—	—	23,972	23,972	—	—	—	—	23,972
Serbian dinar	—	1,639	—	1,639	—	230	—	230	1,869
Singaporean dollar	785	25,140	31,677	57,602	24	1,383	—	1,407	59,009
South African rand	454	3,569	41,079	45,102	—	—	—	—	45,102
South Korean won	520	14,910	113,718	129,148	—	2,047	—	2,047	131,195
Swedish krona	1,525	11,749	74,089	87,363	29	972	—	1,001	88,364
Swiss franc	1,067	11,051	250,948	263,066	4	—	—	4	263,070
New Taiwan dollar	1,830	—	79,283	81,113	—	—	—	—	81,113
Thai baht	444	—	13,991	14,435	—	—	—	—	14,435
Turkish new lira	79	1,984	11,019	13,082	—	—	—	—	13,082
United Arab Emirates dirham	30	—	6,747	6,777	—	—	—	—	6,777
Uruguayan peso	—	663	—	663	—	—	—	—	663
Vietnamese dong	—	—	—	—	—	266	—	266	266
Total Securities Subject to Foreign Currency Risk	$ 57,657	$ 1,172,881	$ 4,299,102	$ 5,529,640	$ 2,035	$ 192,637	$ 471,572	$ 666,244	$ 6,195,884

C. Discrete Component Units

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the discrete component unit's deposits may not be recovered.

The discrete component units follow the Utah Money Management Act by making deposits only in qualified depository institutions or in foreign depository institutions in accordance with rules of the State Money Management Council. Deposits with qualified depository institutions in excess of FDIC insurance limits amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the discrete component units at June 30, 2016, were $221.471 million. Of these, $184.525 million were exposed to custodial credit risk as uninsured and uncollateralized and $26.611 million were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the discrete component units' names.

Investments

The discrete component units follow the applicable investing criteria described above for the primary government, with the exception of Public Employees Health Program which is exempt from the Money Management Act.

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the colleges and universities to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any investments allowed by the Money Management Act or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The discrete component units' investments at June 30, 2016, are presented below. The investments are presented at fair value and by investment type with debt securities presented by maturity.

Fair Value Measurements

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2016, for the discrete component units.

(*Table on next page.*)

Discrete Component Units Debt Securities Investments
Investments and Derivative Instruments Measured at Fair Value
At June 30, 2016
(*Expressed in Thousands*)

	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	$ 149,710	$ 1,520	$ 148,190	$ —
U.S. Agencies	1,580,254	2,909	1,576,860	485
Corporate Debt	593,074	49,927	538,673	4,474
Negotiable Certificates of Deposit	6,676	210	6,466	—
Money Market Mutual Funds	175,667	29,775	145,892	—
Municipal/Public Bonds	45,117	1,918	43,199	—
Asset Backed Securities	21,698	—	20,552	1,146
Bond Mutual Funds	306,489	18,330	276,759	11,400
Collateralized Debt Obligations	1,887	—	—	1,887
Foreign Government Bonds	626	—	626	—
Utah Public Treasurers' Investment Fund	691,622	—	691,622	—
Total Debt Securities	3,572,820	$ 104,589	3,448,839	19,392
Equity Securities				
Domestic Equity	578,519	59,200	519,319	—
International Equity	1,823	1,823	—	—
Equity Securities	66,704	42,631	23,778	295
Total Equity Securities	647,046	103,654	543,097	295
Alternative Investments				
Private Equity	59,938	—	—	59,938
Credit Sensitive Fixed Income	34,159	—	—	34,159
Real Estate	12,966	—	—	12,966
Private Natural Resources	7,523	—	—	7,523
Diversifying Strategies	138,195	—	—	138,195
Hedged Equity	40,446	—	—	40,446
Total Alternative Investments	293,227	0	0	293,227
Total Investments by Fair Value Level	4,513,093	$ 208,243	$ 3,991,936	$ 312,914
Investments Measured at the Net Asset Value (NAV)				
Flexible Premium Deferred Annuity	257			
Global Distressed	149			
Hedge Funds	3,944			
International Equity	7,532			
Natural Resource Partners	4,217			
Private Equity Partnerships	12,463			
Private Equity Real Estate Partnerships	14,501			
Real Estate	1,327			
Venture Capital Funds	1,651			
Total Investments Measured at the NAV	46,041			
Total Investments Measured at Fair Value	$ 4,559,134			
Invested Securities Lending Collateral				
Debt Securities	$ 18,399	$ 0	$ 18,399	$ 0

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. The Domestic Equity securities in Level 1 are valued using prices provided by the fund company.

Other debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries are valued using quoted prices for identical securities in markets that are not active and using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.
- U.S. Agencies are valued using quoted prices for identical or similar securities in markets that are not active.
- Corporate Debt is valued using quoted prices for similar securities in markets that are not active.
- Negotiable Certificates of Deposit are valued using quoted prices for similar securities in active markets and using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.
- Money Market Mutual Funds are valued using published fair value per share (unit) for each fund.
- Municipal/Public Bonds are valued using quoted prices for similar securities in active markets, using quoted prices for similar securities in markets that are not active, and using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Asset Backed Securities are valued using quoted prices for similar securities in markets that are not active.
- Bond Mutual Funds are valued using published fair value per share (unit) for each fund.
- Foreign Government Bonds are valued using quoted prices for similar securities in markets that are not active.
- Utah Public Treasurers' Investment Fund is valued using the application of the June 30, 2016, fair value factor, as calculated by the Utah State Treasurer, to the average daily balance in the Fund.

Other debt securities classified in Level 3 are valued using the following approaches:

- U.S. Agencies are valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Corporate Debt is valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Asset Backed Securities are valued using consensus pricing.
- Bond Mutual Funds are valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Collateralized Debt Obligations are valued using consensus pricing.

Other equity securities classified in Level 2 are valued using the following approaches:

- Domestic Equity securities are valued using published fair value per share (unit) for each fund.
- Equity securities are valued using quoted prices for identical securities in markets that are not active.

Other equity securities classified in Level 3 are valued using the following approaches:

- Equity securities are valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.

Alternative investments classified in Level 3 may include common and preferred equity securities, partnership interests and ownership in similar entities, and other privately issued securities. Many of these investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable fair values and may be limited partnerships. When observable prices are not available for these securities or identical assets, the discrete component unit and a third-party investment consultant use one or more valuation techniques, for which sufficient and reliable data is available. The selection of appropriate valuation techniques may be affected by the availability of relevant inputs, as well as the relative reliability of the inputs. In some cases, one valuation technique may provide the best indication of fair value, which in other circumstances multiple valuation techniques may be appropriate. The results provided by these various valuation methods may not be equally representative of fair value, due to changes in assumptions made during the valuation. When multiple valuation techniques are used, the discrete component unit evaluates the reasonableness of the range of possible values and uses a fair value measurement based on the discrete component unit's and the investment consultant's assessment of the most representative point within the range.

Debt Securities Lending Collateral classified in Level 2 are valued using quoted prices for similar securities in markets that are not active.

Investments Measured at the Net Asset Value (NAV)

The State's colleges and universities discrete component units administer endowment portfolios of a long-term nature. The strategy, within the constraints of the asset allocation model, is to add assets with higher return expectations in order to outweigh their short-term volatility risk. As a result, endowment investments will typically be invested in equity or equity-like securities, including real assets (real estate, natural resources, and infrastructure). Real assets also are expected to provide the added benefit of inflation protection. The fair values of these types of investments are measured at the net asset value (NAV) per share (or its equivalent) as they generally do not have readily obtainable fair values and take the form of limited partnerships. The NAV is based on the values provided by the partnerships as well as their audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the alternative investments measured at NAV:

Discrete Component Units Debt Securities
Investments Measured at the Net Asset Value (NAV)
At June 30, 2016
(*Expressed in Thousands*)

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Flexible Premium Deferred Annuity	$ 257	$ —	N/A	N/A
Global Distressed	149	76	N/A	N/A
Hedge Funds	3,944	—	Quarterly	100 Days
International Equity	7,532	—	Quarterly	100 Days
Natural Resource Partners	4,217	4,388	N/A	N/A
Private Equity Partnerships	394	—	Quarterly	45 – 60 Days
Private Equity Partnerships	12,069	8,255	N/A	N/A
Private Equity Real Estate Partnerships	7,258	—	Quarterly	30 – 60 Days
Private Equity Real Estate Partnerships	7,243	5,646	N/A	N/A
Real Estate	1,327	—	N/A	N/A
Venture Capital Funds	1,651	2,288	N/A	N/A
Total Investments Measured at NAV	$ 46,041	$ 20,653		

Interest Rate Risk

The following table presents the investments at June 30, 2016, for the discrete component units.

Discrete Component Units Debt Securities Investments
At June 30, 2016
(*Expressed in Thousands*)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1–5	6–10	11–20	More Than 20
Debt Securities						
U.S. Treasuries	$ 149,710	$ 75,416	$ 65,829	$ 8,394	$ 71	$ —
U.S. Agencies	1,483,754	657,127	647,616	68,834	61,010	49,167
Corporate Debt	593,074	193,013	308,251	63,403	27,591	816
Negotiable Certificates of Deposit	6,676	2,211	4,465	—	—	—
Money Market Mutual Funds	175,667	175,667	—	—	—	—
Municipal/Public Bonds	45,117	1,754	27,048	5,956	10,359	—
Asset Backed Securities	21,698	—	17,834	1,721	2,143	—
Bond Mutual Funds	306,489	408	39,293	263,901	2,887	—
Collateralized Debt Obligations	1,887	—	1,887	—	—	—
Foreign Government Bonds	626	—	626	—	—	—
Repurchase Agreements	96,500	96,500	—	—	—	—
Securities Lending Cash Collateral Pool	18,399	18,399	—	—	—	—
Utah Public Treasurers' Investment Fund	691,622	691,622	—	—	—	—
Total Debt Securities Investments	3,591,219	$ 1,912,117	$ 1,112,849	$ 412,209	$ 104,061	$ 49,983
Other Investments						
Equity Mutual Funds Securities:						
Domestic	578,519					
International	1,823					
Equity Securities	66,704					
Alternatives	339,268					
Total Investments	$ 4,577,533					

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The discrete component units' policy for managing interest rate risk is the same as described above for the primary government and endowment funds complying with the State's Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years for institutions of higher education. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The discrete component units' policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, the UPMIFA, and Rule 541, as previously discussed. The discrete component units' debt investments as of June 30, 2016, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Discrete Component Units Rated Debt Investments
At June 30, 2016
(*Expressed in Thousands*)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 1,483,754	$ 637,113	$ 805,936	$ —	$ —
Corporate Debt	$ 593,074	$ 1,975	$ 13,404	$ 297,756	$ 257,243
Negotiable Certificates of Deposit	$ 6,676	$ 2,495	$ 1,014	$ —	$ —
Money Market Mutual Funds	$ 175,667	$ 50,991	$ —	$ —	$ —
Municipal/Public Bonds	$ 45,117	$ 10,418	$ 25,332	$ 6,949	$ 1,024
Asset Backed Securities	$ 21,698	$ 15,786	$ 438	$ 273	$ —
Bond Mutual Funds	$ 306,489	$ —	$ 84,715	$ —	$ —
Collateralized Debt Obligations	$ 1,887	$ —	$ —	$ —	$ —
Foreign Government Bonds	$ 626	$ —	$ —	$ —	$ 626
Securities Lending Cash Collateral Pool	$ 18,399	$ —	$ —	$ —	$ —
Utah Public Treasurers' Investment Fund	$ 691,622	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	$ 96,500	$ —	$ 96,500	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	CCC	Not Rated
U.S. Agencies	$ —	$ —	$ —	$ 40,705
Corporate Debt	$ 15,835	$ 725	$ —	$ 6,136
Negotiable Certificates of Deposit	$ —	$ —	$ —	$ 3,167
Money Market Mutual Funds	$ —	$ —	$ —	$ 124,676
Municipal/Public Bonds	$ —	$ 1,394	$ —	$ —
Asset Backed Securities	$ —	$ —	$ 436	$ 4,765
Bond Mutual Funds	$ —	$ —	$ —	$ 221,774
Collateralized Debt Obligations	$ —	$ —	$ —	$ 1,887
Foreign Government Bonds	$ —	$ —	$ —	$ —
Securities Lending Cash Collateral Pool	$ —	$ —	$ —	$ 18,399
Utah Public Treasurers' Investment Fund	$ —	$ —	$ —	$ 691,622
Repurchase Agreements – Underlying:				
U.S. Agencies	$ —	$ —	$ —	$ —

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the discrete component units will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The discrete component units do not have a formal policy for custodial credit risk.

The various discrete component units' investments at June 30, 2016, were held by the discrete component unit or in the name of the discrete component unit by the discrete component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the discrete component unit, and were held by (expressed in thousands):

Counterparty	
U.S. Treasuries	$ 126,269
U.S. Agencies	$ 1,375,024
Corporate Debt	$ 282,287
Municipal/Public Bonds	$ 27,555
Equity Securities	$ 1,230
Alternatives	$ 300
Counterparty's Trust Department or Agent	
U.S. Treasuries	$ 4,412
U.S. Agencies	$ 20,017
Corporate Debt	$ 69,852
Municipal/Public Bonds	$ 1,918

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Except for Public Employees Health Program (PEHP) (major discrete component unit), the discrete component units' policy for reducing this risk of loss is the same as described above for the primary government funds complying with the State's Money Management Act or as applicable for endowments the UPMIFA, Rule 541, or separate endowment investment policies which have been approved by their boards of trustees and by the Board of Regents. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10 percent depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25 percent of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75 percent equity investments. Rule 541 also limits investments in alternative investment funds to between 0 percent and 30 percent based on the size of the endowment fund.

PEHP's policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. There is no limit to investments in U.S. Government Securities. All investments are within policy limits.

University of Utah held more than 5 percent of its total investments in the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation. These investments represent 12.2, 16.4 and 6.0 percent, respectively, of the University's total investments.

Salt Lake Community College held more than 5 percent of its total investments in the Federal Farm Credit Bank, which represents 8.0 percent of the College's total investments.

Snow College held more than 5 percent of its total investments in Municipal/Public Bonds, which represents 5.5 percent of the College's total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The discrete component units do not have a formal policy to limit foreign currency risk.

D. Securities Lending

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) and the Public Employees Health Program (PEHP) (major discrete component unit) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to approximately 103 percent of the market value of the domestic securities on loan and 107 percent of the market value of the international securities on loan for URS and 102 percent of the market value of the domestic securities on loan for PEHP, with a simultaneous agreement to return the collateral for the same securities in the future. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for market value of the collateral received.

At yearend, neither URS nor PEHP had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $1.941 billion and $17.973 million, and the collateral received for those securities on loan was $2.018 billion and $18.399 million, respectively for URS and PEHP. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool.

The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar-weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

E. Derivative Financial Instruments

Utah Retirement Systems

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) invests in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statements of Fiduciary Net Position–Pension and Other Employee Benefit Trust Funds. Within the investment asset class, swaptions are recorded in debt securities. By policy, portfolio liabilities associated with investments shall be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2015, URS had five types of derivative financial instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts (SGIC).

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains in the Statement of Changes in Fiduciary Net Position. At December 31, 2015, and December 31, 2014, URS' investments had the following notional futures balances as shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Futures — Notional Market Value
At December 31
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans	
	2015	**2014**	**2015**	**2014**
Cash and Cash Equivalent				
Long	$ 242,960	$ 218,339	$ 13,644	$ —
Short	(383,018)	(790,191)	(19,734)	—
Equity				
Long	374,599	235,072	34,536	31,921
Short	(24,667)	(1,043)	—	—
Fixed Income				
Long	206,812	280,211	16,733	33,572
Short	(359,225)	(372,928)	(31,533)	(50,701)
Total Futures	$ 57,461	$ (430,540)	$ 13,646	$ 14,792

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2015, and December 31, 2014, URS investments had the following option balances as shown in the table below.

(*Table on next page.*)

Utah Retirement Systems
(pension trust and defined contribution plans)
Options — Market Value
At December 31
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans	
	2015	**2014**	**2015**	**2014**
Cash and Cash Equivalent				
Call	$ 118	$ 500	$ 3	$ 58
Put	838	148	60	—
Equity				
Call	—	—	38	—
Put	307	—	—	—
Debt Securities				
Call	554	(202)	—	(11)
Put	—	270	—	15
Swaptions				
Call	(1,581)	(2,526)	(59)	(35)
Put	(1,517)	770	(24)	6
Total Options	$ (1,281)	$ (1,040)	$ 18	$ 33

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions.

At December 31, 2015, and December 31, 2014, URS investments included the following currency forwards balances (expressed in thousands):

Currency Forwards	**2015 Fair Value**	**2014 Fair Value**
Forwards Subject to Foreign Currency Risk (pending foreign exchange sales):		
Defined Benefit Plans	$ (1,807)	$ 24,944
Defined Contribution Plans	(271)	2,451
Total Currency Forwards	$ (2,078)	$ 27,395

URS has entered into various inflation, credit default, and interest rate swap agreements in an attempt to manage their exposure to inflation, credit, and interest rate risk. Interest rate and inflation risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Credit risk is an investor's risk of loss arising from a borrower who does not make payments as promised. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The real estate interest rate swaps allowed URS to effectively convert most of their long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. All swap instruments contain collateral clauses. As of December 31, 2015, Barclays Bank PLC swaps had collateral held for $845 thousand, Goldman Sachs Bank had collateral held for $2.116 million, Royal Bank of Canada had collateral held for $942 thousand, and UBS Securities had collateral held for $508 thousand. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net Position. Swap fair values are determined by an independent third party. At December 31, 2015, and December 31, 2014, URS investments had the swap fair value balances as shown in the following table:

(*Table on next page*.)

Utah Retirement Systems
(pension trust and defined contribution plans)
Interest Rate Swaps
At December 31, 2015
(*Expressed in Thousands*)

	Outstanding Notional Amount*	URS Rate	Counterparty Rate	Maturity Date	2015 Fair Value	2014 Fair Value
Real Estate Portfolio Interest Rate Swaps:^^^	$ 441,392	4.69 % – 5.46 %	One Month LIBOR**	2016 – 2021	$ (26,911)	$ (40,967)
Fixed Income Portfolio	$1,119,400	4.42 % – 4.74 %	TIIE***	2017	$ —	$ (52)
Interest Rate Swaps:	780,565	Six Month LIBOR**	1.50 % – 2.50 %	2044 – 2045	478	915
	768,830	1.31 %	Six Month LIBOR**	2045	(175)	—
	385,750	TIIE***	6.16 % – 6.74 %	2024	—	661
	267,567	0.66 % – 3.06 %	Three Month LIBOR**	2016 – 2043	(1,199)	(2,275)
	90,000	JPYLIBOR*****	1.68 %	2043	95	70
	56,790	Three Month LIBOR**	1.69 % – 2.96 %	2018 – 2045	126	402
	39,500	US CPI^	1.85 %	2016	431	500
	22,032	1.00 % – 5.00 %	N/A	2020 – 2047	(1,105)	—
	20,260	2.07 %	US CPI^	2018	(811)	(673)
	20,200	BRL^^	11.98 %	2017	(258)	(110)
	14,652	N/A	5.00 %	2020	566	—
	6,200	BRL^^	Three Month LIBOR**	2017	(39)	(17)
	2,100	EURIBOR****	1.91 %	2016	44	81
Total Fixed Income Interest Rate Swaps	$3,593,846				$ (1,847)	$ (498)

* Base used to calculate interest
** London Interbank Offered Rate (LIBOR)
*** Banco de Mexico Interbank Rate (TIIE)
**** Euro Interbank Offered Rate (EURIBOR)
***** Japanese London Interbank Offered Rate (JPYLIBOR)
^ United States Consumer Price Index (US CPI)
^^ Brazilian Interbank Offered Rate (BRL)
^^^ The $441.392 million includes $67.909 million of Real Estate Portfolio Swaps that expired in 2015

Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk. The maximum loss that would be recognized as of December 31, 2015, if all counterparties fail to perform as contracted was $15.487 million. The maximum exposure is reduced by $19.969 million of liabilities, resulting in no net exposure to credit risk. At December 31, 2015, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are shown in the table below.

(*Table on next page.*)

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk Derivatives at Fair Value
At December 31, 2015
(*Expressed in Thousands*)

Quality Rating	Forwards	Options	Swaps	Total
AA+	$ 20	$ —	$ —	$ 20
AA	573	137	—	710
AA-	(270)	(441)	(826)	(1,537)
A+	(695)	—	—	(695)
A	4,889	455	—	5,344
A–	317	—	(72)	245
BBB+	(7,219)	(1,903)	(26,644)	(35,766)
BBB	86	182	(380)	(112)
BBB–	—	—	(65)	(65)
BB+	221	—	—	221
N/A	—	307	—	307
Total	$ (2,078)	$ (1,263)	$ (27,987)	$ (31,328)

In the URS Defined Contribution Plans, members are able to participate in Synthetic Guaranteed Investment Contracts (SGICs). The SGICs are fully benefit responsive which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging AA- and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts at December 31, 2015, is $890 million and the market value is $900 million. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are also noted below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Synthetic Guaranteed Investment Contracts Underlying Investments
At December 31, 2015
(*Expressed in Thousands*)

	1-5 Yr. Government/Credit		Intermediate Government/Credit Bond		Met Life Separate Account		Total Underlying Investments	
	Fair Value	Market Value	Fair Value	Market Value	Fair Value	Market Value	Fair Value	Market Value
Asset Backed Securities	$ 48,396	$ 48,283	$ 16,145	$ 16,388	$ 41,303	$ 41,184	$ 105,844	$ 105,855
Agencies	45,326	45,193	26,487	26,971	17,080	17,312	88,893	89,476
Corporates	121,626	120,514	89,564	90,582	79,681	80,388	290,871	291,484
Gov't Mortgage Backed Securities	104,831	104,533	50,525	51,483	31,364	31,913	186,720	187,929
U.S. Treasuries	53,616	53,448	52,709	53,450	25,765	25,944	132,090	132,842
Commercial Mortgage Backed Securities	29,621	31,230	22,287	24,140	18,077	21,142	69,985	76,512
Cash	9,014	9,014	6,094	6,094	617	617	15,725	15,725
Total	$ 412,430	$ 412,215	$ 263,811	$ 269,108	$ 213,887	$ 218,500	$ 890,128	$ 899,823

Utah Retirement Systems
(pension trust and defined contribution plans)
Wrap Contracts
At December 31, 2015
(*Expressed in Thousands*)

	Fair Value	Market Value	Rate	Duration	Quality Ratings
Issued Wrap Contracts	$ 890,128	$ 899,823	1.3% – 2.9 %	1.58 – 3.67	A+ – AA-
Repurchase	42,900	42,900			
Total	$ 933,028	$ 942,723			

E. Derivative Financial Instruments (continued)

Student Assistance Program

The following are disclosures for derivative financial instruments held by Student Assistance Program (major enterprise fund).

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Student Assistance Program Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE ("Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of Net Position as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

Trade Date:	December 21, 2010
Effective Date	December 30, 2010
Termination Date	November 1, 2030
Initial Notional Amount	$364,150,000
Board Pays Floating	3 Month LIBOR + 1.64905 %
Counterparty Pays Fixed	Stepped fixed-rates ranging from 4.664 % to 5.000 %
Payment Dates	The 1st day of May and November

Changes in the fair value of the swap agreement and the ending fair value of the swap agreement are summarized below:

Student Assistance Program
Change in Fair Value
For Fiscal Years Ending June 30
(*Expressed in Thousands*)

Derivative	Fair Value at June 30, 2016	Fair Value at June 30, 2015	Change in Fair Value
Interest Rate Exchange	$ 28,730	$ 18,068	$ 10,662

The projected net cash flows of the swap agreement are summarized below (expressed in thousands):

Fiscal Year	Counterparty Swap Payment To	From	Net	Interest Payments to Bondholders	Total Payments
2017	$ (7,273)	$ 15,426	$ 8,153	$ (15,426)	$ (7,273)
2018	(5,196)	11,225	6,029	(11,225)	(5,196)
2019	(4,370)	9,466	5,096	(9,466)	(4,370)
2020	(3,621)	7,845	4,224	(7,845)	(3,621)
2021	(2,964)	6,422	3,458	(6,422)	(2,964)
2022–2025	(5,539)	12,001	6,462	(12,001)	(5,539)
Total	$ (28,963)	$ 62,385	$ 33,422	$ (62,385)	$ (28,963)

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies. The swap agreement is considered to be Level 3 for GASB 72 purposes (the different levels are discussed in Note 3.A.

Credit Risk — The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty's long-term ratings are "Aa3/Aa2", "AA-" and "AA" by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

The Board is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Board's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparties' short-term and long-term credit ratings fall below "A-1" and "A," respectively, as issued by Standard & Poor's or below "Prime-1" and "A2," respectively, as issued by Moody's Investors Service. Collateral posted is to be in the form of cash, U.S. Treasury securities or agency securities held by a third-party custodian. The Board has never failed to access collateral when required.

It is the Board's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Interest Rate Risk — The risk that the debt service costs associated with variable rate debt increases and negatively affects coverage ratios and cash flow margins. The Board is exposed to interest rate risk; as the 3-month LIBOR rate increases, the net payment on the swap agreement increases.

Basis Risk — The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty and is receiving a fixed-rate payment in return, basis risk is not applicable.

Termination Risk — The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit, and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2016.

Rollover Risk — The risk that the maturity of the swap contract is not coterminous with the maturity of the related bonds. The swap agreement and the underlying bonds have a final maturity date of November 1, 2030.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Utah Public Treasurers' Investment Fund (PTIF) investment fund. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7). The Act establishes the State Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are neither insured nor otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants monthly on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments. The total difference between the fair values of the investments in the pool and the values distributed to the pool participants using the amortized cost method described above is reported in the net position section of the following table as unrealized gains/losses. The PTIF may maintain an interest reserve to stabilize the monthly apportionment of interest. Any balance maintained in the interest reserve is reflected in the fair value valuation factor discussed below. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2016, are as follows:

(*Statements on next page.*)

Utah Public Treasurers' Investment Fund
Statement of Net Position
June 30, 2016
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 1,882,153
Investments	9,646,322
Total Assets	11,528,475
Liabilities	
Accounts Payable	10,207
Net Position	
External Participant Account Balances	7,502,840
Internal Participant Account Balances:	
Primary Government	3,315,962
Discrete Component Units	695,946
Unrealized Gains/Losses	3,520
Total Net Position	$ 11,518,268
Participant Account Balance Net Position Valuation Factor	1.00455704

Utah Public Treasurers' Investment Fund
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2016
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 11,622,086
Investment Income:	
Investment Earnings	88,093
Fair Value Increases (Decreases)	(6,236)
Total Investment Income	81,857
Less Administrative Expenses	(526)
Net Investment Income	81,331
Total Additions	11,703,417
Deductions	
Pool Participant Withdrawals	11,301,868
Earnings Distributions	87,567
Total Deductions	11,389,435
Net Increase/(Decrease) From Operations	313,982
Net Position	
Beginning of Year	11,204,286
Net Position – End of Year	$ 11,518,268

Utah Public Treasurers' Investment Fund
Portfolio Statistics
At June 30, 2016

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	0.35 % – 0.42 %	1.0 days
Certificates of Deposit – Nonnegotiable	0.70 % – 0.75 %	76.44 days
Corporate Bonds and Notes	0.10 % – 3.25 %	63.13 days
Commercial Paper	0.46 % – 0.68 %	16.32 days

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	0.96 %	53.47 days

Deposits and Investments

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2016, were $43.26 million. Of those, $42.01 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

Fair Value Measurements

The PTIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2016, for the PTIF.

Utah Public Treasurers' Investment Fund
Investments Measured at Fair Value
At June 30, 2016
(*Expressed in Thousands*)

		Fair Value Measurements Using		
Investments by Fair Value Level	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Debt Securities				
Corporate Bonds and Notes	$ 9,392,341	$ —	$ 9,392,341	$ —
Money Market Mutual Funds	1,050,000	1,050,000	—	—
Commercial Paper	983,950	—	983,950	—
Total Debt Securities	11,426,291	$ 1,050,000	$ 10,376,291	$ 0

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Other debt and securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds and Notes are valued using quoted prices for identical securities in markets that are not active;
- Commercial Paper are valued using quoted prices for identical or similar securities in markets that are not active.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

The majority of the PTIF's corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently re-price to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table below, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2016, are presented below.

Utah Public Treasurers' Investment Fund
At June 30, 2016
(*Expressed in Thousands*)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1
Debt Securities		
Corporate Bonds and Notes	$ 9,392,341	$ 9,392,341
Money Market Mutual Funds	1,050,000	1,050,000
Commercial Paper	983,950	983,950
Total Debt Securities Investments	$ 11,426,291	$ 11,426,291

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2016, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Utah Public Treasurers' Investment Fund
Rated Debt Investments
At June 30, 2016
(*Expressed in Thousands*)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
Corporate Debt	$ 9,392,341	$ 39,960	$ 1,388,999	$ 5,970,184	$1,993,198
Money Market Mutual Funds	$ 1,050,000	$ —	$ —	$ —	$ —
Commercial Paper	$ 983,950	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	A2 *	Not Rated
Corporate Debt	$ —	$ —	$ —
Money Market Mutual Funds	$ —	$ —	$ 1,050,000
Commercial Paper	$ 893,963	$ 89,987	$ —

* A1 and A2 are Commercial Paper ratings

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the PTIF will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The PTIF does not have a formal policy for custodial credit risk.

The PTIF's investments at June 30, 2016, were held by the State or in the State's name by the State's custodial bank.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total dollar amount held in the portfolio. The State Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2016, with more than 5 percent of the total investments in a single issuer.

NOTE 5. RECEIVABLES

Receivables as of June 30, 2016, consisted of the following (in thousands):

	Accounts Receivable					Notes/
	Federal	Customer	Other	Interest	Taxes	Mortgages
Governmental Activities:						
General Fund	$ 108,895	$ 255,387	$ 20,264	$ 77	$ 268,869	$ 2,556
Education Fund	109,570	7,241	299	—	1,022,495	6,706
Transportation Fund	63,413	9,190	643	—	63,409	—
Transportation Investment Fund	—	—	—	—	40,661	—
Trust Lands	—	—	5,941	1,158	—	1,851
Nonmajor Funds	2,052	15,312	—	313	—	—
Internal Service Funds	—	6,031	—	—	—	—
Adjustments:						
Fiduciary Funds	—	—	99	—	—	—
Total Receivables	283,930	293,161	27,246	1,548	1,395,434	11,113
Less Allowance for Uncollectibles:						
General Fund	—	(66,496)	—	—	(14,954)	(1,413)
Education Fund	—	—	—	—	(193,952)	—
Transportation Fund	—	—	(773)	—	(749)	—
Transportation Investment Fund	—	—	—	—	(2,579)	—
Receivables, net	$ 283,930	$ 226,665	$ 26,473	$ 1,548	$ 1,183,200	$ 9,700
Current Receivables	$ 283,930	$ 192,664	$ 20,874	$ 1,548	$ 1,034,497	$ 2,617
Noncurrent Receivables	—	34,001	5,599	—	148,703	7,083
Total Receivables, net	$ 283,930	$ 226,665	$ 26,473	$ 1,548	$ 1,183,200	$ 9,700
Business-type Activities:						
Student Assistance Programs	$ 2,752	$ 3,099	$ 1,219	$ 48,884	$ —	$ 2,325,278
Unemployment Compensation	115	129,520	—	—	—	—
Water Loan Programs	363	195	—	9,592	3,142	690,117
Community Impact Loan Fund	—	—	—	4,710	—	481,508
Nonmajor Funds	—	6,553	—	3,118	—	170,203
Total Receivables	3,230	139,367	1,219	66,304	3,142	3,667,106
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(9,473)
Unemployment Compensation	—	(50,748)	—	—	—	—
Receivables, net	$ 3,230	$ 88,619	$ 1,219	$ 66,304	$ 3,142	$ 3,657,633

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

Aggregated receivables for major and nonmajor discrete component units at June 30, 2016, were $574.224 million and $124.1 million, respectively. These receivables are net of an allowance for doubtful accounts of $279.157 million and $12.999 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2016, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds/ Credits	Interest	Total
Governmental Activities:							
General Fund	$ 91,203	$ 201,337	$ 38,441	$ 92,098	$ 14,182	$ —	$ 437,261
Education Fund	4,510	751	16,038	120,152	56,789	—	198,240
Transportation Fund	10,001	131	104,086	50,066	2,652	—	166,936
Nonmajor Funds	281	—	73,734	34	187	55,538	129,774
Internal Service Funds	7,167	19	12,816	—	—	1	20,003
Adjustments:							
Fiduciary Funds	—	—	—	984	—	—	984
Other	—	—	—	—	—	1,454	1,454
Total Governmental Activities	$ 113,162	$ 202,238	$ 245,115	$ 263,334	$ 73,810	$ 56,993	$ 954,652
Business-type Activities:							
Student Assistance Programs	$ 1,932	$ —	$ 4,124	$ 25,202	$ —	$ 3,176	$ 34,434
Unemployment Compensation	—	2,118	—	161	—	—	2,279
Water Loan Programs	—	—	965	—	—	—	965
Nonmajor Funds	2,574	—	11,465	—	45	438	14,522
Total Business-type Activities	$ 4,506	$ 2,118	$ 16,554	$ 25,363	$ 45	$ 3,614	$ 52,200

Accounts payable and accrued liability balances are an aggregation of amounts due to: (***1***) state employees for salaries/benefits; (***2***) service providers for childcare, job services and health services; (***3***) vendors and miscellaneous suppliers; (***4***) local and federal governments for services; (***5***) individuals and others as a result of tax overpayments or credits issued; and (***6***) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

(*Notes continue on next page*.)

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2016, consisted of the following (in thousands):

Due to General Fund from:	
Education Fund	$ 550
Transportation Fund	1,247
Trust Lands Fund	8
Nonmajor Governmental Funds	1,577
Unemployment Compensation Fund	8,975
Water Loan Programs	11
Nonmajor Enterprise Funds	28,971
Internal Service Funds	1,560
Fiduciary Funds	82
Total due to General Fund from other funds	$ 42,981
Due to Education Fund from:	
General Fund	$ 579
Unemployment Compensation Fund	406
Nonmajor Enterprise Funds	1
Internal Service Funds	198
Total due to Education Fund from other funds	$ 1,184
Due to Transportation Fund from:	
General Fund	$ 150
Internal Service Funds	50
Fiduciary Funds	2
Total due to Transportation Fund from other funds	$ 202
Due to Nonmajor Governmental Funds from:	
General Fund	$ 2,000
Transportation Fund	117
Internal Service Funds	72
Total due to Nonmajor Governmental Funds from other funds	$ 2,189
Due to Water Loan Programs from:	
General Fund	$ 242
Trust Lands Fund	8
Nonmajor Governmental Funds	12,009
Total due to Water Loan Programs from other funds	$ 12,259
Due to Nonmajor Enterprise Funds from:	
General Fund	$ 132
Education Fund	7
Transportation Fund	94
Trust Lands Fund	271
Nonmajor Governmental Funds	9,524
Water Loan Programs	34
Internal Service Funds	14
Total due to Nonmajor Enterprise Funds from other funds	$ 10,076
Due to Internal Service Funds from:	
General Fund	$ 22,395
Education Fund	156
Transportation Fund	3,411
Nonmajor Governmental Funds	1,186
Nonmajor Enterprise Funds	565
Internal Service Funds	39
Fiduciary Funds	15
Total due to Internal Service Funds from other funds	$ 27,767
Due to Fiduciary Funds from:	
General Fund	$ 346
Nonmajor Governmental Funds	638
Total due to Fiduciary Funds from other funds	$ 984
Total Due to/Due froms	$ 97,642

These balances resulted from the time lags between the dates that: (***1***) interfund goods and services are provided or reimbursable expenditures occur; (***2***) transactions are recorded in the accounting system; and (***3***) payments between funds are made.

Interfund Loans

At June 30, 2016, interfund loans receivable/payable balances consist of $54.258 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $54.258 million includes $26.747 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(*Notes continue on next page.*)

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 1,790,751	$ 75,098	$ (9,914)	$ 1,855,935
Infrastructure	13,550,863	322,257	(85,005)	13,788,115
Construction in Progress	789,698	578,423	(520,642)	847,479
Total Capital Assets Not Depreciated/Amortized	16,131,312	975,778	(615,561)	16,491,529
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	1,964,831	83,598	(1,134)	2,047,295
Infrastructure	69,685	—	(116)	69,569
Machinery and Equipment	533,542	46,169	(21,145)	558,566
Intangible Assets–Software	248,095	21,481	(741)	268,835
Total Capital Assets Depreciated/Amortized	2,816,153	151,248	(23,136)	2,944,265
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(781,599)	(58,991)	653	(839,937)
Infrastructure	(29,392)	(2,483)	—	(31,875)
Machinery and Equipment	(363,522)	(31,456)	15,841	(379,137)
Intangible Assets–Software	(132,992)	(25,387)	669	(157,710)
Total Accumulated Depreciation/Amortization	(1,307,505)	(118,317)	17,163	(1,408,659)
Total Capital Assets Depreciated/Amortized, Net	1,508,648	32,931	(5,973)	1,535,606
Capital Assets, Net	$17,639,960	$1,008,709	$ (621,534)	$18,027,135
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 22,689	$ 965	$ (2)	$ 23,652
Construction in Progress	1,334	199	(1,344)	189
Total Capital Assets Not Depreciated/Amortized	24,023	1,164	(1,346)	23,841
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	92,552	52	—	92,604
Infrastructure	430	—	—	430
Machinery and Equipment	17,111	1,135	(861)	17,385
Intangible Assets–Software	1,741	2,164	—	3,905
Total Capital Assets Depreciated/Amortized	111,834	3,351	(861)	114,324
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(29,285)	(3,117)	—	(32,402)
Infrastructure	(111)	(12)	—	(123)
Machinery and Equipment	(13,255)	(725)	860	(13,120)
Intangible Assets–Software	(1,261)	(544)	—	(1,805)
Total Accumulated Depreciation/Amortization	(43,912)	(4,398)	860	(47,450)
Total Capital Assets Depreciated/Amortized, Net	67,922	(1,047)	(1)	66,874
Capital Assets, Net	$ 91,945	$ 117	$ (1,347)	$ 90,715

Construction in progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction in progress of governmental activities and "transferred" to the colleges and universities and other discrete component units. For fiscal year 2016, $142.31 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of discrete component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government	$ 18,072
Human Services and Juvenile Justice Services	8,394
Corrections	6,015
Public Safety	18,154
Courts	6,952
Health and Environmental Quality	4,527
Employment and Family Services	12,109
Natural Resources	9,921
Heritage and Arts	584
Business, Labor, and Agriculture	1,014
Public Education	1,607
Transportation	12,220
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	18,748
Total Depreciation Expense	$ 118,317

Discrete Component Units

The following table summarizes net capital assets reported by the discrete component units (in thousands):

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets Not Depreciated/Amortized:					
Land and Related Assets	$ —	$ 44,130	$ 37,863	$ 146,734	$ 228,727
Art and Special Collections	—	72,494	29,287	7,307	109,088
Construction in Progress	—	275,692	48,622	9,446	333,760
Total Capital Assets Not Depreciated/Amortized	0	392,316	115,772	163,487	671,575
Capital Assets Depreciated/Amortized:					
Building and Improvements	—	3,039,146	1,020,876	1,840,588	5,900,610
Infrastructure	—	340,465	—	110,260	450,725
Machinery and Equipment	1,659	1,198,846	251,900	280,115	1,732,520
Total Capital Assets Depreciated/Amortized	1,659	4,578,457	1,272,776	2,230,963	8,083,855
Less Accumulated Depreciation/Amortization	(1,496)	(2,252,508)	(577,893)	(879,464)	(3,711,361)
Total Capital Assets Depreciated/Amortized, Net	163	2,325,949	694,883	1,351,499	4,372,494
Discrete Component Units – Capital Assets, Net	$ 163	$ 2,718,265	$ 810,655	$ 1,514,986	$ 5,044,069

NOTE 9. LEASE COMMITMENTS

The State leases office buildings along with office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments and adjustments were $1.889 million in principal and $892 thousand in interest for fiscal year 2016. As of June 30, 2016, the historical cost of the primary government's assets acquired through capital leases was $42.128 million of which $41.359 million was buildings and land and $769 thousand was equipment and other depreciable assets. As of June 30, 2016, the accumulated depreciation of the primary government's assets acquired through capital leases was $15.053 million of which $14.284 million was buildings and $769 thousand was equipment and other depreciable assets. Of the $220.756 million in discrete component unit present value of future

minimum lease payments noted below, $94.665 million relates to capital lease arrangements between the primary government and certain colleges and universities (discrete component units).

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2016 were $27.673 million for the primary government and $35.498 million for discrete component units. For fiscal year 2015, the operating lease expenditures were $26.118 million for the primary government and $28.302 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2016, were as follows:

Future Minimum Lease Commitments
(*Expressed in Thousands*)

Operating Leases

Fiscal Year	Primary Government	Discrete Component Units
2017	$ 19,704	$ 35,533
2018	17,260	28,915
2019	12,196	27,757
2020	10,126	19,330
2021	5,207	17,405
2022–2026	10,873	60,221
2027–2031	230	14,910
2032–2036	11	1,475
2037–2041	11	1,394
2042–2046	10	1,369
2047–2051	10	795
2052–2056	10	—
2057–2061	2	—
Total Future Minimum Lease Payments	$ 75,650	$ 209,104

Future Minimum Lease Commitments
(*Expressed in Thousands*)

Capital Leases

Fiscal Year	Primary Government			Discrete Component Units		
	Total Future Minimum Lease Payments	Less Amounts Representing Interest	Present Value of Future Minimum Lease Payments	Total Future Minimum Lease Payments	Less Amounts Representing Interest	Present Value of Future Minimum Lease Payments
2017	$ 2,689	$ 825	$ 1,864	$ 34,477	$ 5,856	$ 28,621
2018	2,724	752	1,972	28,299	5,254	23,045
2019	2,760	675	2,085	22,018	4,815	17,203
2020	2,798	592	2,206	27,204	4,456	22,748
2021	2,836	504	2,332	25,929	3,862	22,067
2022–2026	10,217	1,244	8,973	74,921	12,780	62,141
2027–2031	2,992	192	2,800	48,940	4,099	44,841
2032–2036	1,319	53	1,266	94	4	90
Total	$ 28,335	$ 4,837	$ 23,498	$ 261,882	$ 41,126	$ 220,756

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

Long-term Liabilities
(*Expressed in Thousands*)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 2,830,150	$ —	$ (331,255)	$ 2,498,895	$ 324,910
State Building Ownership Authority Lease Revenue Bonds	166,773	93,625	(17,422)	242,976	17,813
Net Unamortized Premiums	122,321	4,405	(33,899)	92,827	26,305
Capital Leases (Note 9)	20,287	5,100	(1,889)	23,498	1,864
Notes Payable	370	—	(31)	339	34
Compensated Absences (Note 1) **	185,792	86,398	(89,483)	182,707	89,800
Claims **	46,931	17,003	(15,842)	48,092	20,565
Pollution Remediation Obligation	5,086	2,296	(981)	6,401	570
Net OPEB Obligation (Note 18) **	4,126	1,110	(1,388)	3,848	—
Settlement Obligations	4,471	—	(4,106)	365	46
Net Pension Liability (Note 17) *	802,543	189,952	—	992,495	—
Total Governmental Long-term Liabilities	$ 4,188,850	$ 399,889	$ (496,296)	$ 4,092,443	$ 481,907
Business-type Activities					
Student Assistance Revenue Bonds	$ 1,509,543	$ —	$ (253,517)	$ 1,256,026	$ 246,498
State Building Ownership Authority Lease Revenue Bonds	73,207	4,525	(5,057)	72,675	5,237
Water Loan Recapitalization Revenue Bonds	46,940	—	(5,025)	41,915	5,235
Net Unamortized Premiums	8,696	230	(3,503)	5,423	1,566
Claims and Uninsured Liabilities	7,587	182,949	(184,810)	5,726	5,726
Notes Payable	1,152,207	—	(230,212)	921,995	921,995
Net Pension Liability (Note 17) *	13,320	4,525	—	17,845	—
Total Business-type Long-term Liabilities	$ 2,811,500	$ 192,229	$ (682,124)	$ 2,321,605	$ 1,186,257
Discrete Component Units					
Revenue Bonds	$ 984,043	$ 172,282	$ (91,724)	$ 1,064,601	$ 45,729
Net Unamortized Premiums / (Discounts)	13,161	4,130	(1,519)	15,772	596
Capital Leases/Contracts Payable (Notes 9 and 10)	165,328	89,099	(26,219)	228,208	30,485
Notes Payable	180,167	226	(58,060)	122,333	65,817
Claims	131,005	554,729	(547,942)	137,792	65,306
Leave/Termination Benefits (Note 1)	133,595	106,539	(97,443)	142,691	90,771
Capital Assets Held for Others	14,135	—	(405)	13,730	403
Net Pension Liability (Note 17) *	271,955	74,740	—	346,695	—
Total Discrete Component Long-term Liabilities	$ 1,893,389	$ 1,001,745	$ (823,312)	$ 2,071,822	$ 299,107

Amounts in the beginning balance column for Business-type Activities and Discrete Component Units have been adjusted as follows: for Utah Dairy Commission (nonmajor enterprise fund) net pension liability increased $467 thousand and; for Public Employees Health Program (major component unit) net pension liability increased by $12.487 million and Utah State Fairpark Corporation (nonmajor component unit) net pension liability increased by $433 thousand for a total of $12.920 million. See Note 2 for further explanation.

* The net pension liability of governmental activities is liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The net pension liability of business-type activities is liquidated in the specific funds that pay the employer contributions and includes Student Assistance Program, the Internal Service Funds, Alcoholic Beverage Control, Utah Correctional Industries, and State Trust Lands Administration. The changes in the liability are netted as additions for the governmental activities and business-type activities since that information is not readily available for inclusion. See Note 17 for additional pension information.

** Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund. Net OPEB obligation of governmental activities is liquidated in the General Fund.

Differences in Net Pension Liability

The Net Pension Liability (NPL) ending balances for governmental activities of $992.495 million and for business-type activities of $17.845 million differ from the NPL for the Primary Government of $1.017 billion as reported in Note 17 due to the following: the NPL for Student Assistance Programs of $3.236 million and Utah Dairy Commission of $406 thousand are included in business-type activities, but are excluded from the Primary Government NPL reported in Note 17 and; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $10.559 million is excluded from the business-type and governmental activities reported above, but is included in the NPL for the Primary Government in Note 17.

These differences are due to the way Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 17 which is different than how the State reports the NPL by fund type in accordance with generally accepted accounting principles.

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2016, the State had $63.652 million of unissued general obligation highway bond authorizations remaining, and $474.7 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2016, no general obligation or general obligation refunding bonds were issued.

General obligation bonds payable information is presented below.

General Obligation Bonds Payable
(*Expressed in Thousands*)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2016
2004 A Refunding Issue	03/02/04	2010 – 2016	4.00 % – 5.00 %	$ 314,775	$ 57,405
2009 A Highway Issue	03/17/09	2010 – 2018	2.00 % – 5.00 %	$ 394,360	75,795
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	$ 490,410	207,525
2009 D Highway Issue	09/29/09	2019, 2024	4.15 %, 4.55 %	$ 491,760	491,760
2010 A Highway/Capital Facility Issue	09/30/10	2011 – 2017	1.75 % – 5.00 %	$ 412,990	120,040
2010 B Highway Issue	09/30/10	2019 – 2025	3.19 % – 3.54 %	$ 621,980	621,980
2010 C Refunding Issue	10/21/10	2016 – 2019	4.00 % – 5.00 %	$ 172,055	172,055
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00 % – 5.00 %	$ 609,920	295,585
2012 A Capital Facility/Refunding Issue	10/03/12	2014 – 2017	4.00 % – 5.00 %	$ 37,350	31,195
2013 Highway Issue	07/30/13	2014 – 2028	3.00 % – 5.00 %	$ 226,175	204,575
2015 Refunding Issue	04/29/15	2019 – 2026	3.50 % – 5.00 %	$ 220,980	220,980
Total General Obligation Bonds Outstanding					2,498,895
Plus Unamortized Bond Premium					86,329
Total General Obligation Bonds Payable					$ 2,585,224

(*Notes continue on next page*.)

General Obligation Bond Issues
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(*Expressed in Thousands*)

Fiscal Year	Principal						
	2004A Refunding Bonds	2009A Highway Bonds	2009C Highway/ Capital Bonds	2009D Highway Bonds	2010A Highway/ Capital Bonds	2010B Highway Facility	2010C Refunding Bonds
2017	$ 57,405	$ 25,265	$ 69,165	$ —	$ 81,125	$ —	$ 28,510
2018	—	25,265	67,495	—	38,915	—	28,635
2019	—	25,265	70,865	—	—	—	70,435
2020	—	—	—	74,145	—	29,470	44,475
2021	—	—	—	87,715	—	101,775	—
2022–2026	—	—	—	329,900	—	490,735	—
2027–2031	—	—	—	—	—	—	—
Total	$ 57,405	$ 75,795	$ 207,525	$ 491,760	$ 120,040	$ 621,980	$ 172,055

Continues Below

Fiscal Year	Principal			
	2011A Highway/ Capital Bonds	2012A Building/ Refunding Bonds	2013 Highway Bonds	2015 Refunding Bonds
2017	$ 48,765	$ 3,050	$ 11,625	$ —
2018	70,855	28,145	12,225	—
2019	43,995	—	12,850	—
2020	43,990	—	13,525	24,765
2021	43,990	—	14,200	—
2022–2026	43,990	—	82,300	156,990
2027–2031	—	—	57,850	39,225
Total	$ 295,585	$ 31,195	$ 204,575	$ 220,980

Continues Below

Fiscal Year	Total Principal Required	Total Interest Required	Total Amount Required
2017	$ 324,910	$ 93,614	$ 418,524
2018	271,535	80,688	352,223
2019	223,410	69,723	293,133
2020	230,370	59,508	289,878
2021	247,680	49,269	296,949
2022–2026	1,103,915	99,650	1,203,565
2027–2031	97,075	2,375	99,450
Total	$ 2,498,895	$ 454,827	$ 2,953,722

C. Revenue Bonds

Revenue bonds payable consists of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Programs, the State's Water Loan Programs, and various colleges and universities. These bonds are not considered general obligations of the State.

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2016, are reported as a long-term liability of the governmental

activities, except for $77.291 million and $1.442 million, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Programs' (Student Assistance Programs) bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs include $299.15 million of fixed-rate bonds, $125.5 million of bonds at a rate set at the 3-month LIBOR plus spread, and $792.27 million of bonds at a rate set at the 1-month LIBOR plus rates from 0.55 - 1.5 percent. The Programs' bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $39.1 million.

The Student Assistance Programs' bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The bonds and notes were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and notes, and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $459.012 million of outstanding student loan revenue bonds and student loan backed notes which are payable through 2046. Principal and interest paid for the current year and total net revenues before interest expense were $74.041 million and $4.914 million, respectively.

The Student Assistance Programs' notes issued under the 2012 Trust Estate are special limited obligations of the Board secured by the payable solely from the Trust Estate established by the indenture. The notes were issued to refinance eligible student loans and retire outstanding funding notes of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $266.492 million of outstanding student loan backed notes which are payable through 2032. Principal and interest paid for the current year and total net revenue before interest expense were $62.489 million and $3.244 million, respectively.

The notes issued under the 2014 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire outstanding student loan revenue bonds of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $197.286 million of outstanding student loan backed notes which are payable through 2039. Principal and interest paid for the current year and total net revenues before interest expense were $43.251 million and $3.857 million, respectively.

The notes issued under the 2015 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $328.486 million of outstanding student loan backed notes which are payable through 2043. Principal and interest paid for the current year and total net revenue before interest expense were $90.72 million and $2.923 million, respectively.

The bonds issued under the Office Facility Bond fund are limited obligations of the board secured solely by a pledge of the proceeds from the sale of the bonds and the monies and revenues in the fund and accounts held by the Trustee under the indenture. No other money, revenue or income of the Board is pledged to the repayment of the Office Facility Bonds. The bonds were issued to refund the Series 2002 and Series 2004 Bonds. The Board has pledged these assets and net revenues to repay $4.75 million of outstanding Office Facility Bonds which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were $807 thousand and $466 thousand, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $48.234 million. For the current year, principal and interest paid and total repayments from pledged revenues were $6.876 million and $9.982 million, respectively. Of the bonds payable outstanding at June 30, 2016, $42.028 million are reported in the Water Loan Programs Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Discrete Component Units

The University of Utah, Utah State University and nonmajor discrete component units issued revenue bonds for various capital purposes including student housing, special events centers, student union centers, and hospital and research facilities. The bonds are secured by pledged student building fees and other income of certain college activities.

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2016, is presented below.

Pledged Revenue — Discrete Component Units
(*Expressed in Thousands*)

	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged *	A, B, C	A, B	A
Amount of Pledged Revenue	$ 1,085,330	$ 284,807	$ 221,535
Term of Commitment	Thru 2043	Thru 2047	Thru 2046
Percent of Revenue Pledged	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue	$ 268,356	$ 45,087	$ 15,942
Current Year Principal and Interest Paid	$ 53,673	$ 11,550	$ 12,901

***** Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.

B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.

C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.

Revenue Bonds Payable — Primary Government
Governmental Activities
(*Expressed in Thousands*)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2016
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 101,557	$ 18,815
Series 2009 D	09/09/09	2014 – 2017	5.00 %	$ 12,125	3,795
Series 2009 E	09/09/09	2018 – 2030	4.62 % – 5.77 %	$ 89,470	89,470
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	$ 24,555	16,739
Series 2011	10/25/11	2012 – 2031	2.13 % – 4.00 %	$ 5,250	3,560
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 11,755	11,755
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 9,100	5,142
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 785	75
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 98,150	93,625
Total Lease Revenue Bonds Outstanding					242,976
Plus Unamortized Bond Premium					6,498
Total Lease Revenue Bonds Payable					$ 249,474

Continues Below

(*Table continues on next page.*)

Revenue Bonds Payable — Primary Government
Business-type Activities
(*Expressed in Thousands*)
(Continued)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2016
Student Assistance Programs:					
1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	$ 1,337,655	$ 459,012
2012 Trust Estate Student Loan Indentures	2012	2032	Variable	$ 518,700	266,492
2014 Trust Estate Student Loan Indentures	2014	2039	Variable	$ 277,000	197,286
2015 Trust Estate Student Loan Indentures	2015	2043	Variable	$ 415,500	328,486
Office Facility Bond Fund	2012	2014 – 2024	2.00 % – 5.00 %	$ 7,295	4,750
Total Revenue Bonds Outstanding					1,256,026
Plus Unamortized Bond Premium					(738)
Total Revenue Bonds Payable					$ 1,255,288
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 3,543	$ 720
Series 2007 A	07/10/07	2009 – 2017	4.25 % – 5.00 %	$ 15,380	695
Series 2009 A	03/25/09	2011 – 2019	3.00 % – 5.00 %	$ 25,505	3,225
Series 2009 B	09/09/09	2012 – 2019	3.00 % – 5.00 %	$ 8,455	3,550
Series 2009 C	09/09/09	2024, 2029	5.29 %, 5.77 %	$ 16,715	16,715
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	$ 12,180	8,841
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 3,855	3,855
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 2,600	1,414
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 29,230	29,135
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 4,525	4,525
Total Lease Revenue Bonds Outstanding					72,675
Plus Unamortized Bond Premium					6,048
Total Lease Revenue Bonds Payable					$ 78,723
Water Loan Programs:					
Series 2010 B Revolving Loan Recapitalization Revenue Bonds	02/23/10	2014 – 2017	2.25 % – 5.00 %	$ 16,125	$ 10,690
Series 2010 C Revolving Loan Recapitalization Revenue Bonds	02/23/10	2018 – 2022	4.19 % – 4.79 %	$ 31,225	31,225
Total Recapitalization Revenue Bonds Outstanding					41,915
Plus Unamortized Bond Premium					113
Total Recapitalization Revenue Bonds Payable					$ 42,028
Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable					$ 1,625,513

Revenue Bond Issues — Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(*Expressed in Thousands*)

	Principal							
Fiscal Year	**1993 Trust Estate Student Loan Indentures**	**2012 Trust Estate Student Loan Indentures**	**2014 Trust Estate Student Loan Indentures**	**2015 Trust Estate Student Loan Indentures**	**Office Facility Bond Fund**	**1998 C Utah State Building Ownership Authority**	**2007 A Utah State Building Ownership Authority**	**2009 A Utah State Building Ownership Authority**
2017	$ 106,623	$ 48,181	$ 25,474	$ 65,550	$ 670	$ 9,130	$ 695	$ 1025
2018	53,114	42,202	23,771	57,668	685	8,295	—	1075
2019	49,773	41,519	23,593	53,186	700	2,110	—	1125
2020	45,756	29,668	17,804	37,120	715	—	—	—
2021	41,966	27,528	17,404	33,968	725	—	—	—
2022–2026	158,221	75,006	59,091	75,518	1,255	—	—	—
2027–2031	3,559	2,388	20,770	5,476	—	—	—	—
2032–2036	—	—	9,379	—	—	—	—	—
2037–2041	—	—	—	—	—	—	—	—
Total	$ 459,012	$ 266,492	$ 197,286	$ 328,486	$ 4,750	$ 19,535	$ 695	$ 3,225

Continues Below

	Principal							
Fiscal Year	**2009 B Utah State Building Ownership Authority**	**2009 C Utah State Building Ownership Authority**	**2009 D Utah State Building Ownership Authority**	**2009 E Utah State Building Ownership Authority**	**2010 Utah State Building Ownership Authority**	**2011 Utah State Building Ownership Authority**	**2012 A Utah State Building Ownership Authority**	**2012 B Utah State Building Ownership Authority**
2017	$ 1,125	$ —	$ 3,795	$ —	$ 3,175	$ 385	$ 990	$ 2,380
2018	1,185	—	—	4,010	3,330	395	1,005	1,305
2019	1,240	—	—	—	3,510	405	1,445	985
2020	—	1,305	—	5,295	2,995	415	1,490	1,005
2021	—	1,370	—	5,555	3,145	430	1,555	665
2022–2026	—	8,040	—	31,570	9,425	1,110	8,555	215
2027–2031	—	6,000	—	43,040	—	420	570	—
2032–2036	—	—	—	—	—	—	—	—
2037–2041	—	—	—	—	—	—	—	—
Total	$ 3,550	$ 16,715	$ 3,795	$ 89,470	$ 25,580	$ 3,560	$ 15,610	$ 6,555

Continues Below

(*Table continues on next page.*)

Revenue Bond Issues — Primary Government
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(*Expressed in Thousands*)
(Continued)

Fiscal Year	Principal: 2015 Utah State Building Ownership Authority	Principal: 2016 Utah State Building Ownership Authority	Principal: 2010 B Revolving Loan Recap Program	Principal: 2010 C Revolving Loan Recap Program	Total Principal Required	Interest Required	Total Amount Required
2017	$ 350	$ —	$ 5,235	$ —	$ 274,783	$ 33,722	$ 308,505
2018	1,095	150	5,455	—	204,740	28,628	233,368
2019	705	3,300	—	5,705	189,301	24,897	214,198
2020	1,910	3,475	—	5,955	154,908	21,811	176,719
2021	2,020	3,625	—	6,220	146,176	18,842	165,018
2022–2026	13,365	21,075	—	13,345	475,791	56,192	531,983
2027–2031	9,765	25,050	—	—	117,038	17,692	134,730
2032–2036	—	28,950	—	—	38,329	4,856	43,185
2037–2041	—	12,525	—	—	12,525	601	13,126
Total	$ 29,210	$ 98,150	$ 10,690	$ 31,225	$ 1,613,591	$ 207,241	$ 1,820,832

Revenue Bonds Payable — Discrete Component Units
(*Expressed in Thousands*)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2016
University of Utah Revenue Bonds	1998 – 2016	2017 – 2043	1.50 % – 6.28 %	$ 1,034,015	$ 733,749
Utah State University Revenue Bonds	2007 – 2015	2005 – 2047	1.17 % – 5.00 %	$ 204,940	175,975
Nonmajor Component Units Revenue Bonds	2004 – 2016	2008 – 2046	1.63 % – 6.00 %	$ 193,210	154,877
Total Revenue Bonds Outstanding					1,064,601
Plus Unamortized Bond Premium					15,772
Total Revenue Bonds Payable					$ 1,080,373

(*Notes continue on next page*.)

Revenue Bond Issues — Discrete Component Units
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(*Expressed in Thousands*)

Fiscal Year	Principal					
	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2017	$ 32,940	$ 6,110	$ 6,679	$ 45,729	$ 45,836	$ 91,565
2018	40,778	7,490	7,356	55,624	44,529	100,153
2019	38,841	5,410	7,658	51,909	42,499	94,408
2020	44,836	5,510	7,911	58,257	40,152	98,409
2021	42,687	5,755	7,793	56,235	37,707	93,942
2022–2026	224,534	32,825	38,588	295,947	148,693	444,640
2027–2031	138,981	35,440	42,446	216,867	87,513	304,380
2032–2036	48,619	33,315	19,627	101,561	53,588	155,149
2037–2041	51,137	22,025	10,414	83,576	35,381	118,957
2042–2046	70,396	20,930	5,230	96,556	9,076	105,632
2047–2051	—	1,165	1,175	2,340	70	2,410
Total.....	$ 733,749	$ 175,975	$ 154,877	$1,064,601	$ 545,044	$ 1,609,645

D. Conduit Debt Obligations

The Utah Charter School Finance Authority (nonmajor discrete component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2016, is $230.321 million in tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2016, the total amount outstanding of defeased general obligation bonds was $374.195 million. At June 30, 2016, the total amount outstanding of defeased revenue bonds was $28.59 million.

During fiscal year 2016, the University of Utah (major discrete component unit) issued General Revenue Refunding Bonds Series 2016A during the fiscal year to partially refund $21.2 million of the Auxiliary and Campus Facilities System Series 2012A bonds. The refunding activity had limited impact on the retirement period but did result in a decrease of aggregate debt service payments of $3.5 million and a present value economic gain of approximately $3.3 million.

In prior years, discrete component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the discrete component unit column on the Statement of Net Position. At June 30, 2016, $238.081 million of college and university bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include $5.91 million in life annuity contracts.

G. Pollution Remediation Obligations

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. As of June 30, 2016, the liability is $6.401 million. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

H. Notes Payable

The Student Assistance Programs has a line of credit under the Warehouse Loan, Security and Servicing Agreement. The line of credit is a limited obligation of the Board secured by and payable solely from the pledged collateral. The line of credit was issued to acquire federally guaranteed student loans. The fund consists of student loans acquired under the agreement, all proceeds of the line of credit and net revenues in the funds and accounts, and any other property pledged to the fund. The Board has pledged these assets and net revenues to repay $921.995 million of outstanding principal which is payable through 2017. During fiscal year 2017,

$921.995 million in principal and $7.554 million in interest will be paid. Principal and interest paid for the current year and total net revenue before interest expense was $241.076 million and $7.26 million, respectively.

The notes payable balance consists of notes issued by discrete component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 18 years. They are secured by the related assets.

Payment information on notes payable is presented below:

Notes Payable Debt Service Requirements to Maturity
Discrete Component Units
For Fiscal Years Ending June 30
(*Expressed in Thousands*)

Fiscal Year	Principal					
	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2017	$ 62,504	$ 2,263	$ 1,050	$ 65,817	$ 3,661	$ 69,478
2018	2,670	2,418	928	6,016	3,228	9,244
2019	2,848	2,030	959	5,837	2,830	8,667
2020	2,907	1,879	982	5,768	2,501	8,269
2021	2,410	1,871	1,017	5,298	2,158	7,456
2022–2026	12,486	4,233	6,283	23,002	7,092	30,094
2027–2031	6,794	251	2,157	9,202	1,653	10,855
2032–2036	—	—	1,393	1,393	137	1,530
Total	$ 92,619	$ 14,945	$ 14,769	$ 122,333	$ 23,260	$ 145,593

I. Debt Service Requirements for Derivatives

Business-type Activities

As explained in Note 3.E., the Student Assistance Programs (major proprietary fund) Board had issued on December 30, 2010, the Series 2010 EE bonds for the purpose of refinancing certain outstanding bonds in the 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below.
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Student Assistance Programs
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(*Expressed in Thousands*)

Fiscal Year	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		
2017	$ (7,273)	$ 15,426	$ 8,153	$ (15,426)	$ (7,273)
2018	(5,196)	11,224	6,028	(11,224)	(5,196)
2019	(4,370)	9,467	5,097	(9,467)	(4,370)
2020	(3,621)	7,845	4,224	(7,845)	(3,621)
2021	(2,964)	6,422	3,458	(6,422)	(2,964)
2022–2025	(5,539)	12,001	6,462	(12,001)	(5,539)
Total	$ (28,963)	$ 62,385	$ 33,422	$ (62,385)	$ (28,963)

NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2016, consisted of the following:

Deferred Outflows and Inflows of Resources
(*Expressed in Thousands*)

	Primary Government		
	Governmental Activities	Business-type Activities	Discrete Component Units
Deferred Outflows:			
Deferred Amount on Refundings of Bonded Debt	$ 27,308	$ 4,403	$ 12,299
Deferred Amount of Federal Default Fee	—	350	—
Deferred Outflows Relating to Pensions	364,980	7,226	131,268
Total Deferred Outflows	$ 392,288	$ 11,979	$ 143,567
Deferred Inflows:			
Unavailable Revenue	$ 10,027	$ —	$ —
Deferred Amount on Refundings of Bonded Debt	—	10,146	211
Fair Value of Interest Rate Swap Agreements	—	28,730	—
Deferred Inflows Relating to Pensions	102,888	1,926	34,230
Total Deferred Inflows	$ 112,915	$ 40,802	$ 34,441

Of the $392.288 million deferred outflows of resources reported in the governmental activities column, $364.98 million represent deferred outflows relating to pensions, of which $24.526 million are reported in the Internal Service Funds. The remaining $27.308 million represent deferred amount on refundings of bonded debt, of which $9 thousand are reported in the Internal Service Funds.

Of the $112.915 million deferred inflows of resources reported in the governmental activities column, $102.888 million represent deferred inflows relating to pensions, of which $7.011 million are reported in the Internal Service Funds. The remaining $10.027 million in unavailable revenue represent imposed fees received before the period when those resources are permitted to be used.

Deferred outflows and inflows of resources for governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

Under the modified accrual basis of accounting, governmental funds reported $655.879 million in unavailable revenue consisting of $480.968 million from various taxes and $174.911 million from other sources.

The deferred outflows of resources relating to pensions for governmental activities of $364.98 million and for business-type activities of $7.226 million differ from the deferred outflows of resources for the Primary Government of $375.668 million as reported in Note 17 due to the following: Student Assistance Programs of $1.035 million and Utah Dairy Commission of $110 thousand are included in business-type activities, but are excluded in the deferred outflows of resources reported for the Primary Government in Note 17; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $4.607 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred outflows of resources reported for the Primary Government in Note 17.

The deferred inflows of resources relating to pensions for governmental activities of $102.888 million and for business-type activities of $1.926 million differ from the deferred inflows of resources for the Primary Government of $105.501 million in Note 17 due to the following: Student Assistance Programs of $418 thousand and Utah Dairy Commission of $38 thousand are included in business-type activities, but are excluded in the deferred inflows of resources reported for the Primary Government in Note 17; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $1.143 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred inflows of resources reported for the Primary Government reported in Note 17.

These differences are due to the way Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 17 which is different than how the State reports the deferred outflows and inflows of resources by fund type in accordance with generally accepted accounting principles.

NOTE 12. GOVERNMENTAL FUND BALANCES, BUDGET STABILIZATION ACCOUNTS, AND NET POSITION RESTRICTED BY ENABLING LEGISLATION

A. Governmental Fund Balances – Restricted, Committed and Assigned

The State's fund balances represent: (***1***) **Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (***2***) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (***3***) **Assigned Purposes**, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2016, follows:

Governmental Fund Balances
(*Expressed in Thousands*)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund:			
General Government:			
Legislature	$ —	$ 10,467	$ —
Elected Officials	191	12,586	—
Governor's Office	1,494	27,347	—
Administrative Services	—	5,425	—
Revenue Assessments and Collections	—	10,570	—
Human Services	25	7,325	—
Corrections	—	15,846	—
Public Safety	8,839	20,546	—
Courts	—	8,116	—
Health	94	36,938	—
Environmental Quality	—	12,231	—
Employment and Family Services	—	20,057	—
Natural Resources	17,400	76,472	—
Heritage and Arts	28	3,566	—
Business, Labor, and Agriculture	110	50,265	—
Budget Reserve (Rainy Day) Account	—	143,614	—
Medicaid Budget Stabilization Account	—	25,909	—
Industrial Assistance	—	23,474	—
Tax Accruals and Other Liabilities	—	—	74,405
Fiscal Year 2017 Appropriations:			
Line Item Appropriations	—	—	57,721
Other Purposes	9,943	36,028	—
Total	$ 38,124	$ 546,782	$ 132,126
Education Fund:			
Minimum School Program	$ 30,348	$ —	$ —
State Office of Education	43,241	—	—
School Building Program	23,532	—	—
School Land Interest	50,360	—	—
Education Budget Reserve Account	349,465	—	—
Tax Accruals and Other Purposes *	249,116	—	—
Fiscal Year 2017 Appropriations:			
Line Item Appropriations	100,445	—	—
Available for Appropriation	—	—	—
Other Purposes	1,650	—	—
Total	$ 848,157	$ 0	$ 0
Transportation Fund:			
Transportation – Construction/Maintenance	$ 130,208	$ 45,966	$ —
Public Safety	15,939	—	—
Corridor Preservation	14,661	—	—
Aeronautical Programs	6,032	—	—
Tax Accruals and Other Purposes *	39,971	5,993	—
Total	$ 206,811	$ 51,959	$ 0

(*Table continues on next page.*)

Governmental Fund Balances
(*Expressed in Thousands*)
(Continued)

	Restricted Purposes	Committed Purposes	Assigned Purposes
Transportation Investment Fund:			
Transportation Investment Capacity Projects	$ —	$ 444,877	$ —
Other Purposes	2,393	35,193	—
Total	$ 2,393	$ 480,070	$ 0
Nonmajor Governmental Funds:			
Capital Projects	$ 85,281	$ —	$ 328,136
Debt Service	—	—	19,023
State Endowment Fund	—	171,369	—
Environmental Reclamation	15,130	2,763	—
Rural Development	—	36,372	—
Other Purposes	17,669	15,997	162
Total	$ 118,080	$ 226,501	$ 347,321

***** Resources restricted through constitutional provisions.

B. Budget Stabilization Accounts

In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). These stabilization balances can only be used to cover budget shortfalls when appropriated by the Legislature. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Budget Sustainability Account discussion below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 9 percent and 11 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Section 63J–1–217 of the *Utah Code* requires the State to maintain a balanced budget. If a revenue shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature takes action to rectify the deficit. The Rainy Day Fund and the Education Reserve ended the year with balances of $143.614 million and $349.465 million, respectively. For the fiscal year ended June 30, 2016, $2.443 million was transferred into the Rainy Day Fund. There was no transfer into the Education Reserve because there was no revenue surplus, as defined by law.

In accordance with Section 63J–1–315 of the *Utah Code*, the State maintains the Medicaid Growth Reduction and Budget Stabilization Restricted Account ("Medicaid Budget Stabilization Account"). The Legislature may appropriate money from the account only if Medicaid program expenditures are estimated to be 108 percent or more of Medicaid program expenditures for the previous year. The account is funded in a fiscal year when there are savings in the Medicaid Program and a General Fund revenue surplus. For the fiscal year ended June 30, 2016, $8.761 million was transferred into the Medicaid Budget Stabilization Account.

C. Minimum Fund Balance Policies

Statutorily, the State established a minimum fund balance policy for two funds, the Disaster Recovery Restricted Account and the Local Government Emergency Response Loan Fund. In accordance with Section 53–2a–603 of the *Utah Code*, under certain circumstances, the Disaster Recovery Restricted Account may be used to provide short-term loans to a member state of the Emergency Management Assistance Compact. Loans may be issued from the account as long as the fund maintains a minimum fund balance of $10 million. Section 53–2a–607 of the *Utah Code*, requires the Local Government Emergency Response Loan Fund to provide short-term, low-interest loans to local government entities. The amount loaned may not be more than 50 percent of the total fund balance available, or an amount that will leave the fund balance at less than $10 million.

D. Net Position Restricted by Enabling Legislation

The State's net position restricted by enabling legislation represents resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $5.915 billion of restricted net position, of which $15.4 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

Funds reporting a deficit total net position at June 30, 2016, are (*in thousands*):

Private Purpose Trust Funds:	
Employers' Reinsurance	$ (6,130)
Petroleum Storage Tank	$ (3,474)
Internal Service Funds:	
Technology Services	$ (25,400)
Human Resource Management	$ (2,729)
Enterprise Funds:	
State Trust Lands Administration	$ (764)

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on all workers' compensation insurance issued to employers within the State. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities. Unfunded future claims are payable solely from future trust revenues.

The Petroleum Storage Tank Trust covers the cleanup costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded solely by future trust revenues.

The deficit net positions in the Technology Services Fund and in the Human Resource Management Fund are the result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement requires the recognition and reporting of the net pension liability and related transactions, including a restatement of beginning net position, resulting in a deficit net position. The Technology Services Fund also reported a $35.934 million deficit in the unrestricted portion of their net position at June 30, 2016, primarily as a result of implementing this Statement. See Note 2 for additional information.

The Enterprise Fund deficit net position in State Trust Lands Administration is a result of a decrease in the royalty accruals because of general market conditions.

Other than noted above, funds reporting a deficit position in the unrestricted portion of their net position at June 30, 2016, are *(in thousands*):

Internal Service Funds:	
Fleet Operations	$ (30,394)
General Services	$ (1,552)
Enterprise Funds:	
Alcoholic Beverage Control	$ (5,779)
Utah Correctional Industries	$ (694)
State Trust Lands Administration	$ (1,341)

The Internal Service Fund deficit in Fleet Operations is mainly due to the significant investment in capital assets required for these operations. The deficit will be covered by future charges for services. Management may also seek rate increases to help reduce this deficit.

The Internal Service Fund deficit in General Services and the Enterprise Fund deficits in Alcoholic Beverage Control and Utah Correctional Industries are primarily the result of implementing GASB Statement 68. The Enterprise Fund deficit in State Trust Lands Administration is the result of changes in accruals due to general market condition changes.

(*Notes continue on next page*.)

NOTE 14. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2016, are as follows (*in thousands*):

	Transferred To					
	Governmental Funds					
Transferred From	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands	Nonmajor Governmental Funds
General Fund	$ —	$ 7,861	$ 29,767	$ —	$ 12	$ 278,663
Education Fund	742,481	—	—	—	—	209,911
Transportation Fund	48,546	—	—	89,903	—	7,519
Transportation Investment Fund	—	—	33,104	—	—	348,420
Nonmajor Governmental Funds	70,216	—	—	—	—	225
Unemployment Compensation	2,454	—	—	—	—	—
Water Loan Programs	4,695	—	—	—	—	—
Community Impact Loan Fund	17,534	—	—	—	—	—
Nonmajor Enterprise Funds	104,867	2	—	—	1,839	—
Total	$ 990,793	$ 7,863	$ 62,871	$ 89,903	$ 1,851	$ 844,738

Continues Below

	Transferred To		
	Enterprise Funds		
Transferred From	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ 3,243	$ 6,594	$ 326,140
Education Fund	—	—	952,392
Transportation Fund	—	—	145,968
Transportation Investment Fund	—	—	381,524
Nonmajor Governmental Funds	—	127	70,568
Unemployment Compensation	—	—	2,454
Water Loan Programs	—	—	4,695
Community Impact Loan Fund	—	—	17,534
Nonmajor Enterprise Funds	—	—	106,708
Total	$ 3,243	$ 6,721	$ 2,007,983

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

In addition, the Legislature authorized payments of $970.263 million to discrete component units. Payments to discrete component units are reported as expenditures in both the General Fund governmental fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

NOTE 15. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

- The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- A lawsuit was filed by the Tobacco Companies against the settling states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer (NPM) adjustment that will allow them to take a credit against future payment obligations. The dispute is currently in the early stages of arbitration for the tobacco settlement payment made to Utah in fiscal year 2005. An adverse ruling may impact future state tobacco receipts of up to approximately $28 million plus interest.
- In addition to the items above, the State is contesting other legal actions totaling over $14.497 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

B. Contingencies

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the financial position of the federal government it is reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State including requiring contingency plans from state agencies.
- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2016, will be available in December 2016.
- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Fund of Funds (UFOF – legally separate entity) was created by the passage of the Utah Venture Capital Enhancement Act in fiscal year 2003 to mobilize private investments and enhance the venture capital culture and infrastructure within the State. The State's involvement in this program is limited to public oversight of the UFOF primarily in the form of approving the issuance of contingent tax credit certificates, ensuring that the UFOF is achieving its statutory purposes of spurring economic development, and protecting against the redemption of contingent tax credits. The aggregate outstanding tax certificates available to the program cannot exceed: (***1***) $130 million of contingent tax credits used as collateral or a guarantee on loans for the debt-based financing of investments initiated before July 1, 2014; or (**2**) $120 million of contingent tax credits for a loan refinanced using debt-based or equity-based financing; and (***3***) $100 million used as an incentive for equity investments in the UFOF. The tax certificates are structured so that not more than $20 million of contingent tax credits for each $100 million increment of contingent tax liability may be redeemable in any fiscal year. At December 31, 2015, $89.999 million in loans were outstanding and invested in venture capital and private equity funds. The loans will mature in 2017. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by *Utah Code* Section 59–7, "Corporate Franchise and Income Taxes," or Section 59–10, "Individual Income Tax Act." To date, the State has not had to place any contingent tax credits into the program and does not anticipate the use of tax credits anytime in the near future.
- The State is self-insured for liability claims up to $1 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. According to an actuarial study and other known factors, $48.092 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).
- The Utah School Bond Guaranty Act (*Utah Code* Sections 53A–28–101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds. The local school boards do not meet the criteria for inclusion as part of the State's reporting entity.

  In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

  The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State has not advanced any monies for the payment of debt service on Guaranteed Bonds and does not expect that it will be required to advance monies for any significant period of time.

Local school boards have $2.917 billion principal amount of Guaranteed Bonds outstanding at June 30, 2016, with the last maturity date being 2036. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Charter School Credit Enhancement Program (Program) (*Utah Code* Sections 53A–20b–201 to 204), was established to reduce borrowing costs for qualifying charter schools by providing credit enhancement on bonds issued on behalf of those schools. Bonds issued under this Program are not legal obligations of the State, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the bonds. If a charter school with bonds issued under the Program draws on its debt service reserve fund, state law requires the Governor to request an appropriation from the Legislature to restore the school's debt service reserve fund to its required level or to meet any principal or interest payment deficiency. However, the Legislature is not required to make any such appropriations. A charter school is required to repay the State any appropriations it receives to restore its debt service reserves at the time and in the manner required by the Utah Charter School Finance Authority (Authority) (nonmajor discrete component unit).

  When bonds are issued under the Program, the qualifying school pays up-front and ongoing fees at rates determined by the Authority. These fees are deposited into a restricted reserve account that was funded initially with a $3 million appropriation. These monies may be appropriated by the Legislature to replenish any deficiency in the debt service reserve fund of a charter school under the Program.

  The Authority is the conduit issuer of Credit Enhancement Program bonds, and is responsible for developing criteria by which a charter school qualifies to participate in the Program. The Authority is also charged with monitoring the financial condition of qualifying charter schools and certifying, at least annually, the amount required to restore amounts on deposit in the debt service reserve funds of charter schools participating in the Program. The total amount of charter school debt enhanced by the Program is limited by formula. As of June 30, 2016, $224.145 million of debt was outstanding under the Program.

- At June 30, 2016, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of $985.902 million.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received $36.932 million from tobacco companies in fiscal year 2016 and expects to receive approximately $36.923 million in fiscal year 2017. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled lawsuits, disputed payments, and legal fees.

- The Utah School Readiness Initiative (*Utah Code* Sections 53A-1b-101 to 111), created the School Readiness Board (Board) and enabled the Board to provide grants and enter into contracts with private entities in order to improve early childhood education for at-risk students. Under the terms of the contract, private investors fund the program using a social impact bond. This bond offers the issuers a return on investment only if students in the program meet specific education benchmarks. The program was capped at 750 students for the first two years. Enrollment will increase in the 2016-2017 school year to 1,000 students and enrollment in the 2017-2018 school year will be 1,000 students. As of June 30, 2016, the State of Utah committed almost $5 million that will cover student evaluations and any repayment of the social impact bond. It is anticipated the State of Utah will commit additional funds in future years.

C. Commitments

- At June 30, 2016, the Industrial Assistance Program of the General Fund had grant commitments of $9.947 million, contingent on participating companies meeting certain performance criteria.

- At June 30, 2016, the Economic Development Tax Increment Financing Incentive program (EDTIF) had outstanding long-term contract commitments for General Fund cash rebates of $90.264 million and Education Fund tax credits of $634.351 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.

- At June 30, 2016, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of $43 thousand and Education Fund tax credits of $19.557 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.

- At June 30, 2016, the Utah Department of Transportation had construction and other contract commitments of $622.492 million, of which $404.859 million is for Transportation Fund (major special revenue fund) and $217.633 million is for projects within the Transportation Investment Fund (major capital projects fund) highway projects. These commitments will be funded with future appropriations in the Transportation Fund and through proceeds of general obligation bonds and future appropriations in the Transportation Investment Fund.

- At June 30, 2016, the permanent Trust Lands Fund (permanent fund) had real estate commitments of $134.778 million, of which $92.873 million have been called, leaving a remaining commitment of $41.905 million.

- At June 30, 2016, the State's capital projects funds (nonmajor capital projects funds) had construction commitments of $284.903 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.

- At June 30, 2016, the enterprise funds had loan commitments of approximately $208.699 million and grant commitments of approximately $58.277 million.

- Utah Retirement Systems (pension trust and defined contribution plans) has at its yearend December 31, 2015, committed to fund certain private equity partnerships, absolute return, and real asset funds projects for an amount

of $8.75 billion. Funding of $6.27 billion has been provided by December 31, 2015, leaving an unfunded commitment of $2.48 billion.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah (major discrete component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2016, the University had committed, but not paid, a total of $38.233 million in funding for these alternative investments.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University (major discrete component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2016, the University had committed, but not paid, a total of $13.679 million in funding for these alternative investments.
- At June 30, 2016, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of appropriately $87.7 million.

NOTE 16. JOINT VENTURES

Utah Education Network

The Utah Education Network (UEN) is a publicly funded consortium administered by the University of Utah supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $32.316 million for the year ended June 30, 2016. UEN is not separately audited, but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University. Copies of those statements can be obtained from KUEN's administrative offices.

NOTE 17. PENSION PLANS

Utah Retirement Systems (URS) (pension trust and defined contribution plans) was established by Title 49 of the *Utah Code*. URS administers the pension systems and plans under the direction of the URS Board whose members are appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares financial statements using fund accounting principles and the accrual basis of accounting under which benefits and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2015, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for URS within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102-2044, or visiting the website online at www.urs.org.

The URS operations are comprised of the following groups of systems/plans covering employees of the State and participating local government and public education entities:

- The Public Employees Noncontributory Retirement System (Noncontributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service-employee retirement systems;
- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Public Safety and Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- Five defined contribution plans comprised of the 401(k) Plan, 457(b) Plan, Roth and Traditional IRAs, and Health Reimbursement Arrangement (HRA).

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

A. Defined Benefit Plans

Retirement benefits are specified by Title 49 of the *Utah Code*. The retirement systems are defined-benefit plans wherein the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

(*Table on next page.*)

Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Final Average Salary....	Highest 3 Years	Highest 5 Years	Highest 3 Years		Highest 2 Years	Highest 5 Years	Highest 5 Years
Years of Service Required and/or Age Eligible for Benefit....	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	20 years any age 10 years age 60 4 years age 65		25 years any age 20 years age 55* 10 years age 62 6 years age 70	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	25 years any age 20 years age 60* 10 years age 62* 4 years age 65
Benefit Percent per Year of Service**.....	2.00 % per year all years	1.25 % per year to June 1975 2.00 % per year July 1975 to present	2.50 % per year up to 20 years 2.00 % per year over 20 years		5.00 % first 10 years 2.25 % second 10 years 1.00 % over 20 years	1.50 % per year all years	1.50 % per year all years
COLA***.....	Up to 4.00 %	Up to 4.00 %	Up to 4.00 % depending on the employer		Up to 4.00 % compounded	Up to 2.50 %	Up to 2.50 %

Note: The Utah Governors and Legislators Retirement Plan benefits are explained below.

* With actuarial reductions.
** For members and retirees in the systems, prior to January 1, 1989, there may be a 3 percent benefit enhancement
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Former governors at age 65 receive $1,340 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of $29.20 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the Systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

At December 31, 2015, the following number of employees were covered by the State's (primary government's) single-employer plans:

Single-employer Plans Covered Employees
December 31, 2015

	Judges System	Governors and Legislators Retirement Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits.....	140	241
Inactive Employees Entitled to But Not Yet Receiving Benefits	4	81
Active Employees	112	93
Total Single-employer Plans Covered Employees.....	256	415

(*Notes continue on next page*.)

Contribution Rates

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. For the Utah Governors and Legislators plan, an annual appropriation is statutorily required to maintain this plan on a financially and actuarially sound basis. The State paid 100 percent of the contractually and statutorily required contributions. Contribution rates and contributions for the fiscal year ended June 30, 2016, are presented in the following table (*dollars expressed in thousands*):

Contributions

Systems/Plan	Employee Paid	Paid by Employer for Employee	Employer Paid	Primary Government	Discrete Component Units
Noncontributory Public Employees	—	—	22.19 %	$ 136,246	$ 56,990
Contributory					
Contributory Public Employees.....	—	6.00 %	17.70 %	$ 1,623	$ 1,496
Tier 2 Public Employees*.....	—	—	18.24 %	$ 24,358	$ 13,759
Public Safety					
Contributory Public Safety	—	12.29 %	29.70 %	$ 1	$ —
Noncontributory Public Safety	—	—	41.35 %	$ 43,849	$ 1,042
Tier 2 Public Safety*	—	—	29.21 %	$ 5,325	$ 112
Firefighters					
Contributory Firefighters.....	—	15.05 %	3.99 %	$ 46	$ —
Tier 2 Firefighters*.....	—	—	10.75 %	$ 24	$ —
Judges.....	—	—	41.58 %	$ 7,154	$ —
Utah Governors and Legislators.....		Annual Appropriation		$ 421	$ —

Note: * Tier 2 plans provide a statutory required contribution (.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

In addition to the contributions noted above, the Primary government and discrete component units also paid $726 thousand and $507 thousand respectively to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements.

(*Notes continue on next page*.)

Below are the changes in net pension liability for the State's (primary government's) single-employer system and plan:

Single-employer Plans
Changes in Net Pension Liability
Increases (Decreases)
For the Year Ended December 31, 2015
(*Expressed in Thousands*)

		Judges System	Utah Governors and Legislators Retirement Plan
Total Pension Liability			
Service Cost		$ 4,794	$ 99
Interest		14,136	890
Difference between Actual and Expected Experience		171	(105)
Assumption Changes		—	—
Benefit Payments		(12,400)	(904)
Net Change in Total Pension Liability		6,701	(20)
Total Pension Liability – Beginning		192,285	12,267
Total Pension Liability – Ending	*A*	$ 198,986	$ 12,247
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		6,555	421
Court Fees		1,653 *	—
Net Investment Income		2,842	181
Benefit Payments		(12,400)	(904)
Administrative Expense		(71)	(5)
Net Transfers with Affiliated Systems		1,334	(20)
Net Change in Plan Fiduciary Net Position		(87)	(327)
Plan Fiduciary Net Position – Beginning		163,834	10,366
Plan Fiduciary Net Position – Ending	*B*	$ 163,747	$ 10,039
Net Pension Liability / (Asset) – Ending (*A* – *B*)		$ 35,239	$ 2,208
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		82.3 %	82.0 %
Covered Payroll		$ 16,372	$ 946
Net Pension Liability as a Percentage of Covered Payroll		215.24 %	233.40 %

***** These court fees were recognized as revenue for support provided by non-employer contributing entities.

(*Notes continue on next page.*)

Proportionate Share of Net Pension Asset and Liability

Utah Retirement Systems (URS) (pension trust and defined contribution plans) provides retirement benefits to employees of the primary government and its discrete component units as well as to public education and other political subdivisions of the State. At December 31, 2015, the net pension asset and the net pension liability for all URS systems is $3.491 million and $4.467 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 85.7 percent. At December 31, 2015, the primary government's net pension asset and net pension liability is $487 thousand and $1.017 billion, respectively. The following table summarizes the State's (primary government's) net pension asset and liability by plan.

Primary Government
Net Pension Asset and Liability
December 31, 2015
(*Dollars Expressed in Thousands*)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2015	2014	Change
Noncontributory System	$ —	$ 748,863	23.84 %	24.07 %	(0.23)%
Contributory System	—	20,378	32.52 %	34.02 %	(1.50)%
Public Safety System	—	210,570	97.81 %	98.11 %	(0.30)%
Firefighters System	71	—	3.90 %	2.59 %	1.31 %
Judges System	—	35,239	100.00 %	100.00 %	—
Utah Governors and Legislators Retirement Plan	—	2,208	100.00 %	100.00 %	—
Tier 2 Public Employees System	39	—	17.66 %	17.95 %	(0.29)%
Tier 2 Public Safety and Firefighters System	377	—	25.84 %	26.64 %	(0.80)%
Total Net Pension Asset / Liability	$ 487	$ 1,017,258			

At December 31, 2015, the net pension asset and the net pension liability for the discrete component units is $56 thousand and $346.695 million respectively. The following table summarizes the discrete component unit's net pension asset and liability by system.

Discrete Component Units
Net Pension Asset and Liability
December 31, 2015
(*Dollars Expressed in Thousands*)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2015	2014	Change
Noncontributory System	$ —	$ 325,134	10.67 %	9.70 %	0.97%
Contributory System	—	16,952	27.82 %	25.75 %	2.07%
Public Safety System	—	4,609	2.17 %	1.89 %	0.28%
Tier 2 Public Employees System	49	—	11.49 %	10.90 %	0.59%
Tier 2 Public Safety and Firefighters System	7	—	0.47 %	0.43 %	0.04%
Total Net Pension Asset / Liability	$ 56	$ 346,695			

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

At December 31, 2015, the State (primary government) recognized pension expense of $194.251 million. The State's discrete component units recognized pension expense of $71.102 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources (*in thousands*):

(*Table on next page*.)

State of Utah
Deferred Outflows and Inflows of Resources *
Related to Pensions
December 31, 2015
(*Expressed in Thousands*)

Source	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 1,373	$ 75,565	$ 1	$ 26,013
Changes in Assumptions	—	23,936	—	7,015
Net Differences between Projected and Actual Earnings on Pension Plan Investments	262,284	—	89,142	—
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	837	6,000	3,841	1,202
Contributions Subsequent to the Measurement Date	111,174	—	38,284	—
Total	$ 375,668	$ 105,501	$ 131,268	$ 34,230

***** Before amounts allocated for financial statement presentation.

The $111.174 million and $38.284 million reported as deferred outflows of resources by the primary government and discrete component units are the result of contributions subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of net pension liability in the upcoming fiscal year.

Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*in thousands*):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

Year Ended December 31	Primary Government	Discrete Component Units
2016	$ 31,225	$ 12,251
2017	$ 30,995	$ 12,251
2018	$ 39,901	$ 13,112
2019	$ 57,457	$ 18,050
2020	$ (136)	$ (68)
Thereafter	$ (449)	$ (304)

(*Notes continue on next page.*)

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuarial Assumptions

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Valuation Date	1/1/15	1/1/15	1/1/15	1/1/15	1/1/15	1/1/15	1/1/15	1/1/15
Measurement Date	12/31/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/15
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions:								
Investment Rate of Return	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %
Projected Salary Increases	3.50–10.50 %	3.50–10.50 %	3.50–8.00 %	3.50–9.25 %	3.50 %	None	3.50–10.50 %	3.50–9.25 %
Inflation Rate	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %
Post-retirement Cost-of-living Adjustment	2.75 %	2.75 %	2.50 % or 2.75 % Depending on employer	2.75 %	2.75 %	2.75 %	2.50 %	2.50 %

Note: All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below:

Retired Member Mortality

Class of Member	Men	Women
Educators	EDUM (90%)	EDUF (100%)
Public Safety and Firefighters	RP 2000mWC (100%)	EDUF (120%)
Local Government, Public Employees	RP 2000mWC (100%)	EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage.
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage.
RP 2000mWC = RP 2000 combined mortality table for males with white collar adjustments multiplied by given percentage.

Target Allocations

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2015, are summarized in the table below:

(*Table on next page.*)

Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return *
Equity Securities	40 %	7.06 %	2.82 %
Debt Securities	20 %	0.80 %	0.16 %
Real Assets	13 %	5.10 %	0.66 %
Private Equity	9 %	11.30 %	1.02 %
Absolute Return	18 %	3.15 %	0.57 %
Cash and Cash Equivalents	0 %	0.00 %	0.00 %
Total Asset Classes	100 %		5.23 %
Inflation			2.75 %
Expected Arithmetic Nominal Return			7.98 %

* The total URS Defined Benefit long-term expected rate of return is 7.5 percent. It is comprised of a 2.75 percent inflation rate, 0.35 percent for administrative and investment expenses, and a real long-term expected rate of return of 5.10 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the State's (primary government's) net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

Primary Government
Changes in Discount Rate
Net Pension Liability / (Asset)
(*Expressed in Thousands*)

System	1 % Decrease (6.5 %)	Current Discount Rate (7.5 %)	1 % Increase (8.5 %)
Noncontributory System	$ 1,355,415	$ 748,863	$ 240,269
Contributory System	46,075	20,378	(1,420)
Public Safety System	368,625	210,570	80,235
Firefighters System	962	(71)	(910)
Judges System	55,879	35,239	17,503
Utah Governors and Legislators Retirement Plan	3,434	2,208	1,256
Tier 2 Public Employees System	7,070	(39)	(5,426)
Tier 2 Public Safety and Firefighters System	642	(377)	(1,160)
Total Net Pension Liability / (Asset)	$ 1,838,102	$ 1,016,771	$ 330,347

(*Notes continue on next page.*)

B. Defined Contribution Plans

The 401(k), 457(b), Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457(b) plans at rates determined by the employers and according to *Utah Code* Title 49. There are 381 employers participating in the 401(k) Plan and 162 employers participating in the 457(b) Plan. There are 161,398 plan participants in the 401(k) Plan, 17,004 participants in the 457(b) Plan, 7,359 participants in the Roth IRA Plan, 1,584 participants in the Traditional IRA Plan, and 2,701 participants in the HRA.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The Defined Contribution Plans account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment. Investments in the vested portion of the Defined Contribution Plans are individually directed and controlled by plan participants. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457(b), Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457(b), or IRA will get a match from the State of up to $26 per pay period. In addition, the State and participating employers are required to contribute 1.5 percent of an employee's salary into a 401(k) for those employees who participate in the noncontributory system. The amounts contributed to the 401(k) Plan during the year ended June 30, 2016, by employees and employers are as follows: for Primary Government, $35.738 million and $30.735 million; for Component Units, $5.558 million and $8.869 million. The amounts contributed by employees to the 457(b), Roth and Traditional IRA Plans (primary government and component units) are $6.919 million, $3.665 million, and $192 thousand, respectively.

For the Tier 2 Public Employee System, Tier 2 Public Safety System, and the Tier 2 Firefighters System, the State and participating employers are required to contribute varying amounts into a 401(k). The amounts range from 1.33 to 1.78 percent of an employee's salary for the hybrid defined benefit systems and 10 to 12 percent of an employee's salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4-year vesting period. The primary government and discrete component units paid $4.598 million and $1.336 million, respectively, in 401(k) defined contributions required by statute. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (.08 to 18.54 amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 (defined benefit) plans.

Teachers Insurance and Annuity Association–College Retirement Equities Fund

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (discrete component units) to the TIAA–CREF retirement system for June 30, 2016 and 2015, were $204.78 million and $188.29 million, respectively.

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

A. Other Postemployment Benefit Plans

The State administers the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) through the State Post-Retirement Benefits Trust Fund as set forth in *Utah Code* Section 67–19d–201. A separate Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is provided for governors and legislators, and this Plan is administered through the Elected Official Post-Retirement Benefits Trust Fund as set forth in *Utah Code* Section 67–19d–201.5. Both trust funds are irrevocable and legally protected from creditors. Both are also administered under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Management and Budget or a designee.

Neither the State Post-Retirement Benefits Trust Fund, nor the Elected Official Post-Retirement Benefits Trust Fund issues a publicly available financial report, but are included in this report of the primary government using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable.

The State Legislature currently plans to contribute amounts to each trust fund that, at a minimum, is sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. There are no long-term contracts for contributions to the plans.

B. State Employee Other Postemployment Benefit Plan

At the option of individual state agencies, employees may participate in the State Employee OPEB Plan, a single-employer defined benefit healthcare plan, as set forth in *Utah Code* Section 67–19–14.2. Only state employees entitled to receive retirement benefits are eligible to receive postemployment health and life insurance benefits, and in some situations dental coverage, from the State Employee OPEB Plan. Upon retirement, an employee receives up to 25 percent of the value of their unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. The employee may exchange eight hours of remaining unused accumulated sick leave, earned prior to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. After age 65, the employee may use any remaining unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. In addition, any full-time employee of the Utah State Board of Education hired before July 1, 2012, who has attained at least five consecutive years of service with the agency, has the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until the employee reaches age 65 regardless of their unused sick leave balance. Also, judges have their own retiree health coverage that is part of the State Employee OPEB Plan. As of December 31, 2014, the date of the latest actuarial valuation, approximately 5,843 retirees and their beneficiaries were receiving postemployment health and life insurance benefits, and an estimated 9,150 active state employees are eligible to receive future benefits under the State Employee OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 0 percent to 31.62 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2016, retirees contributed $1.345 million, or approximately 3.63 percent of total premiums, through their required contributions of $0 to $708.91 per month depending on the coverage (single, double, or family) and health plan selected.

The Annual Required Contribution (ARC) of $29.100 million, from the December 31, 2014, actuarial valuation, is 6.61 percent of annual covered payroll. Although the ARC is used to establish the annual budget for a fiscal year, in fiscal year 2016, the State Legislature contributed more than the ARC. This overfunding of the ARC contributed to a net OPEB asset of $11.789 million. This net OPEB asset will be taken into consideration when the next actuarial valuation is performed. The net OPEB asset is reported on the Statement of Net Position (governmental activities) within Other Assets.

C. Elected Official Other Postemployment Benefit Plan

The Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is a single-employer defined benefit healthcare plan, as set forth in *Utah Code* Section 49–20–404. Only governors and legislators (elected officials) that retire after January 1, 1998 and have four or more years of service can elect to receive and apply for health coverage or Medicare supplemental coverage. The State will pay 40 percent of the benefit cost for four years of service and up to 100 percent for ten or more years of service, for elected officials, and their spouses.

To qualify for health coverage, an elected official must be between 62 and 65 years of age and either be an active member at the time of retirement or have continued coverage with the program until the date of eligibility. In addition, to qualify for health coverage an elected official must have service as a legislator or governor prior to January 1, 2012.

To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and have service as an elected official prior to July 1, 2013.

As of December 31, 2014, the date of the latest actuarial valuation, approximately 90 retirees and their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 206 active and former elected officials may receive future benefits for themselves and qualifying dependents under the Elected Official Other Postemployment Benefit Plan. For the fiscal year ended June 30, 2016, elected officials that participated in the Elected Official OPEB Plan contributed $32 thousand, or approximately 10.17 percent of total premiums, through their required contributions of $0 (for ten or more years of service) to $790.94 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Annual Required Contribution (ARC) of $1.241 million, from the December 31, 2014, actuarial valuation and used to establish the annual budget for fiscal year 2016, is 70.87 percent of annual covered payroll. For the fiscal year 2016, the State Legislature decided to contribute $1.388 million, $147 thousand more than the ARC.

The following table shows the components of the annual OPEB cost for the year, amount actually contributed to the plan, and changes in the net OPEB obligation for both the State Employee and Elected Official OPEB plans for fiscal year 2016 (*in thousands*):

(*Table on next page*.)

	State Employee OPEB Plan	Elected Official OPEB Plan
Annual required contribution	$ 29,100	$ 1,241
Interest on net OPEB obligation	(255)	186
Adjustment to annual required contribution	717	(317)
Annual OPEB cost (expense)	29,562	1,110
Contributions made	(35,683)	(1,388)
Increase (decrease) in net OPEB obligation	(6,121)	(278)
Net OPEB obligation (asset) – Beginning of year	(5,668)	4,126
Net OPEB obligation (asset) – End of year	$ (11,789)	$ 3,848

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2016 and the two preceding years for both the State Employee and Elected Official OPEB plans were as follows (*dollar amount in thousands*):

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
State Employee OPEB Plan	6/30/2014	$ 30,535	99.37 %	$ (5,854)
	6/30/2015	$ 30,528	99.39 %	$ (5,668)
	6/30/2016	$ 29,562	120.71 %	$ (11,789)
Elected Official OPEB Plan	6/30/2014	$ 1,155	175.76 %	$ 4,331
	6/30/2015	$ 1,183	117.34 %	$ 4,126
	6/30/2016	$ 1,110	125.05 %	$ 3,848

The funded status of both the State Employee and Elected Official OPEB plans as of December 31, 2014, was as follows (*dollar amount in thousands*):

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial accrued liability	$ 386,532	$ 12,694
Actuarial value of plan assets	205,498	8,863
Unfunded actuarial accrued liability (funding excess)	$ 181,034	$ 3,831
Funded ratio	53.2 %	69.8 %
Covered payroll	$ 440,029	$ 1,751
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	41.14 %	218.79 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets,

consistent with the long-term perspective of the calculations. The actuarial methods and assumptions of both the State Employee and Elected Official OPEB plans as of December 31, 2014, were as follows:

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial valuation date	12/31/2014	12/31/2014
Actuarial cost method	Entry Age Normal	
Amortization method	Level Dollar Amount; Open	
Remaining amortization period	10 years	20 years
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return *	4.5 %	4.5 %
Healthcare inflation rate	5.2 % initial 4.2 % ultimate	

* Includes an inflation assumption of 2.5 percent.

NOTE 19. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management Fund (internal service fund) and the Public Employees Health Program (PEHP) (major discrete component unit). The State is a major participant in these programs. All funds, departments, component units, public schools, and public authorities of the State may also participate in these programs.

The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group health, dental, and life insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and nonmajor discrete component units) each maintain self-insurance funds to manage health/dental care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

The State has determined that the Risk Management Fund and PEHP can economically and effectively manage the State's risks internally and have set aside assets for claim settlements through reserves. Risks are also covered through commercial insurance for excessive losses. The State is self-insured for liability claims up to $1 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund had a liability loss that exceeded the State's self-insured claim limit of $1 million for the fiscal year ended June 30, 2016. This claim for $805 thousand has been submitted to the State's commercial excess insurance carrier. Otherwise, the Risk Management Fund did not have any losses or settlements that exceeded the State's self-insured aggregate claim limit or commercial excess insurance coverage for the fiscal years ended June 30, 2014 through June 30, 2016.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of $7.5 million, not to exceed $80 million per year. PEHP also has excess medical reinsurance for medical losses that exceed $1.25 million on a person per year to a maximum of $2 to $5 million during the person's lifetime, depending on the participating group's lifetime maximum.

The Risk Management Fund and PEHP allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each participating public entity or employee, based on each organization's estimated current year liability and property values. Public entities participating in PEHP's medical and dental programs are grouped into various risk pools for purposes of establishing rates and retaining risk of loss. The primary government and the discrete component units of the State paid premiums to PEHP of $278.744 million and $38.743 million, respectively, for health and life insurance coverage in fiscal year 2016.

Risk Management and PEHP claims liabilities are reported when it is probable that a claim has occurred and the ultimate cost of settling that claim can be reasonably estimated and includes an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries who take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation and other appropriate modifiers are included in this calculation because reliance is based on historical data. The Risk Management general liability reserves are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves are reported using discount rates between 2 and 6.25 percent.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per *Utah Code* Section 49–21–201.

Employees of those state departments who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2016, there were 196 state employees receiving benefits. The program is funded by paying premiums to PEHP where assets are set aside for future payments. For the fiscal year ended June 30, 2016, the primary government and the discrete component units of the State paid premiums of $5.645 million and $264 thousand, respectively, for the Long-term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University of Utah Hospital and Clinics have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the changes in claims liabilities balances (short and long-term combined). The Risk Management and College and University Self-Insurance balances are for the fiscal years ended June 30, 2015 and June 30, 2016. The PEHP balances are for the calendar years ended December 31, 2014 and December 31, 2015:

Changes in Claims Liabilities
(*Expressed in Thousands*)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2015	$ 48,585	$ 11,144	$ (12,798)	$ 46,931
2016	$ 46,931	$ 17,003	$ (15,842)	$ 48,092
Public Employees Health Program:				
December 31, 2014	$ 124,763	$ 510,828	$ (504,586)	$ 131,005
December 31, 2015	$ 131,005	$ 554,729	$ (547,942)	$ 137,792
College and University Self-Insurance:				
2015	$ 60,976	$ 294,799	$ (278,783)	$ 76,992
2016	$ 76,992	$ 264,973	$ (246,587)	$ 95,378

NOTE 20. SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the Governor's Office of Economic Development Board recommended and the director approved $11.725 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing Incentive program (EDTIF) and the Motion Picture Incentive program. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

Subsequent to June 30, 2016, and during the 2016 Third Special Session, the Legislature appropriated $10 million to the Utah State Fair Corporation (nonmajor discrete component unit) for the fiscal year ended June 30, 2017. The Legislature designated the $10 million to be used for the design and construction of a new fair park arena.

In July 2016, ARUP (blended component unit) of the University of Utah (major discrete component unit) negotiated the purchase of its main facility for $75.8 million with the settlement to be no later than January 15, 2017. The purchase of the property will eliminate future minimum lease payments and the related property tax obligation will cease due to ARUP's tax exempt status.

On July 6, 2016, Utah State University (major discrete component unit) issued 2 Series 2016 Bonds. The first was $19.54 million of Student Fee and Housing System Revenue Bonds. Principal on the bonds is due annually commencing April 1, 2017 through April 1, 2046. Bond interest is due semiannually commencing October 1, 2016, at rates ranging from 2.5 percent to 5 percent. Proceeds from these bonds are to be used to finance the cost of acquisition of three, four-story modern apartment buildings and associated land within the main campus of the University. The second was $10.135 million of Federally Taxable Research Revenue Bonds. Principal on the bonds is due annually commencing December 1, 2017 through December 1, 2046. Bond interest is due semiannually commencing December 1, 2016, at rates ranging from 1.025 percent to 4.049 percent. Proceeds from these bonds are to be used to finance the costs of construction and equipping of Phase II of a new Space Dynamics Laboratory facility at the Innovation campus of the University.

In August 2016, the Utah Retirement Board lowered the pension systems discount rate from 7.5 percent to 7.2 percent effective January 1, 2016. The effect of this change in assumption will be reflected at the Utah Retirement Systems (pension trust and defined contribution plans) next measurement date of December 31, 2016. This change in assumption does not change

the current required actuarial contribution rate or effect the State's proportionate share of the collective net pension liability.

In November 2016, the University of Utah intends to issue $131.7 million of General Revenue and Refunding Bonds, Series 2016B. Principal on the bonds is due annually commencing August 1, 2017 through June 30, 2037. Bond interest is due semi-annually commencing February 1, 2017, at rates ranging from 2 percent to 5 percent. Proceeds from these bonds are to be used to construct an ambulatory care facility and a School of Business Executive Education building, to refund certain outstanding obligations of the University, and to pay costs of issuance.

On October 20, 2016, the Student Loan Purchase Program issued $452.25 million of Student Loan Backed Notes, Series 2016-1. Principal on the notes is due monthly commencing December 26, 2016 through September 25, 2056. Interest is due monthly commencing December 26, 2016, at rates ranging from 30 day LIBOR + .75 percent to 30 day LIBOR + 1.50 percent. Proceeds from these notes are to be used to refinance a temporary warehouse line of credit.

On October 25, 2016, a Partial Consent Decree was signed in relation to the Volkswagen diesel emissions settlement which set in motion a process wherein the State will receive $32 million beginning most likely in fiscal year 2018.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,800,212	$ 1,774,596	$ 1,778,544	$ 3,948
Licenses, Permits, and Fees:				
Court Fees	18,895	20,650	12,682	(7,968)
Other Licenses, Permits, and Fees	9,760	14,169	14,958	789
Investment Income	6,158	7,867	7,933	66
Miscellaneous Taxes and Other:				
Beer Tax	6,678	7,726	8,677	951
Cigarette and Tobacco Tax	105,652	107,119	109,651	2,532
Insurance Premium Tax	96,473	91,536	111,658	20,122
Oil, Gas, and Mining Severance Tax	79,939	28,685	27,737	(948)
Taxpayer Rebates	(6,197)	(5,965)	(5,965)	—
Court Collections	4,896	4,813	3,627	(1,186)
Other Taxes	39,058	41,127	38,445	(2,682)
Miscellaneous Other	22,250	20,152	18,733	(1,419)
Total General Revenues	2,183,774	2,112,475	2,126,680	14,205
Department Specific Revenues				
Sales Tax	4,151	4,224	4,224	—
Federal Contracts and Grants	3,003,046	2,754,554	2,754,554	—
Departmental Collections	489,950	493,935	494,652	717
Higher Education Collections	765,253	755,151	755,151	—
Federal Mineral Lease	138,658	68,400	69,245	845
Investment Income	3,566	2,725	2,973	248
Miscellaneous	586,131	626,292	623,385	(2,907)
Total Department Specific Revenues	4,990,755	4,705,281	4,704,184	(1,097)
Total Revenues	7,174,529	6,817,756	6,830,864	13,108
Expenditures				
General Government	449,057	456,171	380,756	75,415
Human Services and Juvenile Justice Services	788,078	777,588	770,489	7,099
Corrections	306,026	303,408	287,106	16,302
Public Safety	292,186	269,962	239,211	30,751
Courts	152,791	151,026	143,666	7,360
Health and Environmental Quality	2,951,829	3,007,827	2,959,452	48,375
Higher Education – State Administration	100,413	79,566	79,566	—
Higher Education – Colleges and Universities	1,651,138	1,646,806	1,646,759	47
Employment and Family Services	972,174	727,080	719,835	7,245
Natural Resources	261,066	249,768	200,924	48,844
Heritage and Arts	28,691	31,392	27,792	3,600
Business, Labor, and Agriculture	127,821	122,483	98,129	24,354
Total Expenditures	8,081,270	7,823,077	7,553,685	269,392
Excess Revenues Over (Under) Expenditures	(906,741)	(1,005,321)	(722,821)	282,500
Other Financing Sources (Uses)				
Sale of Capital Assets	—	2,283	2,283	—
Transfers In	743,130	994,362	994,362	—
Transfers Out	(303,932)	(329,220)	(329,220)	—
Total Other Financing Sources (Uses)	439,198	667,425	667,425	0
Net Change in Fund Balance	(467,543)	(337,896)	(55,396)	282,500
Budgetary Fund Balance – Beginning	693,806	693,806	693,806	—
Budgetary Fund Balance – Ending	$ 226,263	$ 355,910	$ 638,410	$ 282,500

The Information About Budgetary Reporting is an integral part of this schedule.

Budgetary Comparison Schedule
Education Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 3,179,512	$ 3,370,636	$ 3,380,452	$ 9,816
Corporate Tax	383,623	351,900	338,658	(13,242)
Miscellaneous Other	28,529	28,605	30,483	1,878
Total General Revenues	3,591,664	3,751,141	3,749,593	(1,548)
Department Specific Revenues				
Federal Contracts and Grants	542,539	471,560	471,560	—
Departmental Collections	10,811	18,845	18,845	—
Investment Income	39,780	54,213	50,644	(3,569)
Miscellaneous:				
Liquor Sales Allocated for School Lunch	39,262	40,640	40,640	—
Driver Education Fee	5,505	5,744	5,744	—
Other	2,337	1,660	1,692	32
Total Department Specific Revenues	640,234	592,662	589,125	(3,537)
Total Revenues	4,231,898	4,343,803	4,338,718	(5,085)
Expenditures				
Public Education	4,418,823	3,636,623	3,562,767	73,856
Total Expenditures	4,418,823	3,636,623	3,562,767	73,856
Excess Revenues Over (Under) Expenditures	(186,925)	707,180	775,951	68,771
Other Financing Sources (Uses)				
Transfers In	10,939	7,863	7,863	—
Transfers Out	(823,694)	(952,392)	(952,392)	—
Total Other Financing Sources (Uses)	(812,755)	(944,529)	(944,529)	0
Net Change in Fund Balance	(999,680)	(237,349)	(168,578)	68,771
Budgetary Fund Balance – Beginning	767,622	767,622	767,622	—
Budgetary Fund Balance – Ending	$ (232,058)	$ 530,273	$ 599,044	$ 68,771

The Information About Budgetary Reporting is an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 283,739	$ 289,385	$ 305,232	$ 15,847
Special Fuel Tax	115,051	109,742	115,531	5,789
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	40,398	43,666	42,885	(781)
Proportional Registration Fees	15,667	15,734	15,830	96
Temporary Permits	356	252	243	(9)
Special Transportation Permits	9,889	10,106	9,906	(200)
Highway Use Permits	11,483	11,252	11,216	(36)
Motor Vehicle Control Fees	5,463	5,884	5,757	(127)
Investment Income	500	500	708	208
Miscellaneous Other	—	—	7	7
Total General Revenues	482,546	486,521	507,315	20,794
Department Specific Revenues				
Sales and Aviation Fuel Taxes	51,862	51,011	51,540	529
Federal Contracts and Grants	182,726	307,016	307,016	—
Departmental Collections	66,835	77,314	77,765	451
Investment Income	106	105	369	264
Miscellaneous	31,547	57,405	59,111	1,706
Total Department Specific Revenues	333,076	492,851	495,801	2,950
Total Revenues	815,622	979,372	1,003,116	23,744
Expenditures				
Transportation	710,689	923,226	866,316	56,910
Total Expenditures	710,689	923,226	866,316	56,910
Excess Revenues Over (Under) Expenditures	104,933	56,146	136,800	80,654
Other Financing Sources (Uses)				
Sale of Capital Assets	500	5,104	5,104	—
Transfers In	89,701	62,871	62,871	—
Transfers Out	(130,672)	(145,968)	(145,968)	—
Total Other Financing Sources (Uses)	(40,471)	(77,993)	(77,993)	0
Net Change in Fund Balance	64,462	(21,847)	58,807	80,654
Budgetary Fund Balance – Beginning	167,985	167,985	167,985	—
Budgetary Fund Balance – Ending	$ 232,447	$ 146,138	$ 226,792	$ 80,654

The Information About Budgetary Reporting is an integral part of this schedule.

Budgetary Comparison Schedule
Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund
Revenues			
Actual total revenues (budgetary basis)	$ 6,830,864	$ 4,338,718	$ 1,003,116
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(393,321)	(2,101)	(32,161)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(761,276)	(8,223)	—
Change in revenue accrual for nonbudgetary Medicaid claims	3,687	—	—
Change in tax accruals designated by law and other liabilities are revenues for financial reporting but not for budgetary reporting	9,390	14,361	5,182
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting	—	2,263	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,689,344	$ 4,345,018	$ 976,137
Expenditures			
Actual total expenditures (budgetary basis)	$ 7,553,685	$ 3,562,767	$ 866,316
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(393,321)	(2,101)	(32,161)
Expenditures related to higher education and Utah Schools for the Deaf and the Blind collections are budgetary expenditures but are not expenditures for financial reporting	(761,276)	(8,223)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting	(489)	—	—
Leave charges budgeted as expenditures when earned rather than when taken or due	(328)	9	(211)
Change in estimated federal liabilities recorded as expenditures for financial reporting but not for budgetary reporting	—	2,263	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute	5,364	—	—
Change in accrual for Rehabilitation (incurred but not reported) claims excluded from the budget by statute	—	286	—
Taxpayer rebates budgeted as revenue offset but recorded as expenditures for financial reporting	5,965	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 6,409,600	$ 3,555,001	$ 833,944

The Information About Budgetary Reporting is an integral part of this schedule.

INFORMATION ABOUT BUDGETARY REPORTING

Budgetary Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each of the State's major special revenue funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Transportation Investment Fund, a major capital projects fund, the Debt Service Fund, a nonmajor governmental fund, and the Alcoholic Beverage Control Fund, a nonmajor enterprise fund. The budgets are enacted through passage of *Appropriations Acts.* Budgets for specific general revenues are not adopted through an *Appropriations Act*, but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2016, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Management and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the Governor recommends a budget to the Legislature. The Legislature considers those recommendations and prepares a series of *Appropriations Acts* that modify the State budget for the current year and constitute the State budget for the following year. The Legislature passes the *Appropriations Acts* by a simple majority vote. The *Appropriations Acts* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Acts.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Acts*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was over expended by $911 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2016, the State was $510.756 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S PENSION PLANS

A. Single-employer Plans

The State's defined benefit pension systems/plan is administered by the Utah Retirement Systems and is included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Judges System and the Utah Governors and Legislators Retirement Plan are single-employer service retirement plans.

The following schedules present for the State's (primary government's) single-employer retirement plans the proportionate share of the net pension liability and the changes in net pension liability.

(*Schedules on following pages*.)

Required Supplementary Information
Single-employer Plans — Proportionate Share of the Net Pension Liability
Last Ten Calendar Years ending December 31 (Expressed in Thousands)

	Calendar Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll
Judges System	2014	100.00 %	$ 28,451	$ 15,264
	2015	100.00 %	$ 35,239	$ 16,372
Utah Governors and Legislators Retirement Plan	2014	100.00 %	$ 1,901	$ 1,045
	2015	100.00 %	$ 2,208	$ 946

Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
186.39 %	85.20 %
215.24 %	82.29 %
181.91 %	84.50 %
233.40 %	81.97 %

Required Supplementary Information
Single-employer Plans – Changes in Net Pension Liability
Last Ten Calendar Years ending December 31

(Expressed in Thousands)

Judges System		Calendar Year 2014	2015
Total Pension Liability			
Service Cost		$ 4,895	$ 4,794
Interest		13,641	14,136
Difference between Actual and Expected Experience		2,602	171
Assumption Changes		(130)	—
Benefit Payments		(11,361)	(12,400)
Net Change in Total Pension Liability		9,647	6,701
Total Pension Liability – Beginning		182,638	192,285
Total Pension Liability – Ending	***A***	$192,285	$198,986
Plan Fiduciary Net Position			
Contributions – Employee		$ 317	$ —
Contributions – Employer		5,627	6,555
Court Fees [1]		1,486	1,653
Net Investment Income		11,068	2,842
Benefit Payments		(11,361)	(12,400)
Administrative Expense		(71)	(71)
Net Transfers with Affiliated Systems		1,092	1,334
Net Change in Plan Fiduciary Net Position		8,158	(87)
Plan Fiduciary Net Position – Beginning		155,676	163,834
Plan Fiduciary Net Position – Ending	***B***	$163,834	$163,747
Net Pension Liability (Asset) (A - B)		$ 28,451	$ 35,239
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.20 %	82.29 %
Covered Payroll		$ 15,264	$ 16,372
Net Pension Liability as a Percentage of Covered Payroll		186.39 %	215.24 %

[1] These court fees were recognized as revenue for support provided by nonemployer contributing entities.

Utah Governors and Legislators Retirement Plan			
Total Pension Liability			
Service Cost		$ 106	$ 99
Interest		884	890
Difference between Actual and Expected Experience		307	(105)
Assumption Changes		—	—
Benefit Payments		(909)	(904)
Net Change in Total Pension Liability		388	(20)
Total Pension Liability – Beginning		11,879	12,267
Total Pension Liability – Ending	***A***	$ 12,267	$ 12,247
Plan Fiduciary Net Position			
Contributions – Employer		$ 411	$ 421
Net Investment Income		717	181
Benefit Payments		(909)	(904)
Administrative Expense		(5)	(5)
Net Transfers with Affiliated Systems		(14)	(20)
Net Change in Plan Fiduciary Net Position		200	(327)
Plan Fiduciary Net Position – Beginning		10,166	10,366
Plan Fiduciary Net Position – Ending	***B***	$ 10,366	$ 10,039
Net Pension Liability (Asset) (A - B)		$ 1,901	$ 2,208
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		84.50 %	81.97 %
Covered Payroll		$ 1,045	$ 946
Net Pension Liability as a Percentage of Covered Payroll		181.91 %	233.40 %

Contributions

The following schedule presents a ten year history of the State's (primary government's) contributions to the Utah Retirement Systems for its single-employer plans:

(*Schedule on next page*.)

Required Supplementary Information
Single-employer Plans — Employer Contributions
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)
Judges System	2007	$ 1,238	$ 1,238	$ 0
	2008	$ 1,737	$ 1,737	$ 0
	2009	$ 1,980	$ 1,980	$ 0
	2010	$ 2,427	$ 2,427	$ 0
	2011	$ 3,475	$ 3,475	$ 0
	2012	$ 3,839	$ 3,839	$ 0
	2013	$ 4,910	$ 4,910	$ 0
	2014	$ 5,335	$ 5,335	$ 0
	2015	$ 6,179	$ 6,179	$ 0
	2016	$ 7,154	$ 7,154	$ 0
Utah Governors and Legislators Retirement Plan [1]	2007	—	—	—
	2008	—	—	—
	2009	—	—	—
	2010	—	—	—
	2011	$ 153	$ 153	$ 0
	2012	$ 214	$ 214	$ 0
	2013	$ 252	$ 252	$ 0
	2014	$ 411	$ 411	$ 0
	2015	$ 411	$ 411	$ 0
	2016	$ 421	$ 421	$ 0

Notes to Single-employer Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method.....Entry Age Normal
Amortization Method .....Level Percentage of Payroll
Amortization Period – Judges System ...Open Group 20-year Open Period
Amortization Period – Utah Governors and Legislators Retirement Plan.....Open Group 20-year Closed Period
Asset Valuation Method.....5-year smoothed market
Investment Rate of Return.....7.5 %
Inflation .....2.75 %
Salary Increases.....Composed of 2.75 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Mortality.....Male: RP-2000 with white collar adjustments, projected with Scale AA from the year 2000.
Female: 120 percent of constructed mortality table based on actual experience of male educators, projected with Scale AA from the year 2000.

Other Information:

The actuarially determined contribution rates are calculated as of January 1 and become effective on July 1 of the following year, which is 18 months after the valuation date. The Utah Retirement Systems' Board certifies the contribution rates that employers are contractually required to contribute to the Retirement System. According to Section 49-11-301(5) of the *Utah Code*, if the funded ratio of the plan is less than 110 percent, then the Board is permitted to maintain the prior year's contribution rate if the actuarially determined contribution is lower. The Board has historically followed this policy.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

• Investment Rate of Return

In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8.0 to 7.75 percent, and then again in 2011 down to 7.5 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.

• Amortization

Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.

[1] Complete information not available prior to fiscal year 2011.

Covered Payroll	Contributions as a Percentage of Covered Payroll
$ 12,644	9.79 %
$ 14,032	12.38 %
$ 14,654	13.51 %
$ 14,203	17.09 %
$ 14,650	23.72 %
$ 14,870	25.82 %
$ 14,937	32.87 %
$ 14,989	35.59 %
$ 15,453	39.99 %
$ 17,204	41.58 %
—	—
—	—
—	—
—	—
$ 771	19.84 %
$ 757	28.27 %
$ 1,431	17.61 %
$ 1,783	23.05 %
$ 1,751	23.47 %
$ 943	44.64 %

B. Multiple-employer Systems

The State's defined benefit pension systems are administered by the Utah Retirement Systems and are included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Noncontributory System, Contributory System, Public Safety System, Firefighters System, Tier 2 Public Employees System, and Tier 2 Public Safety and Firefighters System are defined-benefit multiple-employer, cost-sharing, public employee retirement systems.

The following schedule presents the State's (primary government's) proportionate share of the net pension liability for its multiple-employer, cost-sharing public employee employer retirement systems:

(*Schedule on next page*.)

Required Supplementary Information
Multiple-employer Systems – Changes in Net Pension Liability
Last Ten Calendar Years ending December 31

(Expressed in Thousands)

	Calendar Year	
Noncontributory System	2014	2015
Proportion of the Net Pension Liability (Asset)	24.07 %	23.84 %
Proportionate Share of the Net Pension Liability (Asset)	$604,765	$748,863
Covered Payroll	$645,747	$630,251
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	93.65 %	118.82 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20 %	84.50 %
Contributory System		
Proportion of the Net Pension Liability (Asset)	34.02 %	32.52 %
Proportionate Share of the Net Pension Liability (Asset)	$ 3,731	$ 20,378
Covered Payroll	$ 12,280	$ 10,301
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	30.38 %	197.82 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.70 %	92.40 %
Public Safety System		
Proportion of the Net Pension Liability (Asset)	98.11 %	97.81 %
Proportionate Share of the Net Pension Liability (Asset)	$182,306	$210,570
Covered Payroll	$111,391	$109,909
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	163.66 %	191.59 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.30 %	82.30 %
Firefighters System		
Proportion of the Net Pension Liability (Asset)	2.59 %	3.90 %
Proportionate Share of the Net Pension Liability (Asset)	$ (148)	$ (71)
Covered Payroll	$ 851	$ 1,047
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(17.39)%	(6.78)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50 %	101.00 %
Tier 2 Public Employees System		
Proportion of the Net Pension Liability (Asset)	17.95 %	17.66 %
Proportionate Share of the Net Pension Liability (Asset)	$ (544)	$ (39)
Covered Payroll	$ 88,068	$114,106
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.62)%	(0.03)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50 %	100.20 %
Tier 2 Public Safety and Firefighters System		
Proportion of the Net Pension Liability (Asset)	26.64 %	25.84 %
Proportionate Share of the Net Pension Liability (Asset)	$ (394)	$ (377)
Covered Payroll	$ 11,011	$ 15,378
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(3.58)%	(2.45)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	120.50 %	110.70 %

Contributions

The following schedule presents a ten year history of the State's (primary government's) contributions to the Utah Retirement Systems for its multiple-employer, cost-sharing public employee employer retirement systems:

(*Schedule on following pages*.)

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Required Supplementary Information
Multiple-employer Systems — Employer Contributions
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)
Noncontributory System	2007	$ 94,384	$ 94,384	$ 0
	2008	$ 101,591	$ 101,591	$ 0
	2009	$ 106,881	$ 106,881	$ 0
	2010	$ 103,548	$ 103,548	$ 0
	2011	$ 117,029	$ 117,029	$ 0
	2012	$ 116,876	$ 116,876	$ 0
	2013	$ 129,519	$ 129,519	$ 0
	2014	$ 139,990	$ 139,990	$ 0
	2015	$ 139,126	$ 139,126	$ 0
	2016	$ 136,246	$ 136,246	$ 0
Contributory System	2007	$ 2,396	$ 2,396	$ 0
	2008	$ 2,346	$ 2,346	$ 0
	2009	$ 2,284	$ 2,284	$ 0
	2010	$ 2,062	$ 2,062	$ 0
	2011	$ 2,154	$ 2,154	$ 0
	2012	$ 2,012	$ 2,012	$ 0
	2013	$ 2,129	$ 2,129	$ 0
	2014	$ 2,114	$ 2,114	$ 0
	2015	$ 1,985	$ 1,985	$ 0
	2016	$ 1,623	$ 1,623	$ 0
Public Safety System	2007	$ 27,125	$ 27,125	$ 0
	2008	$ 29,183	$ 29,183	$ 0
	2009	$ 33,644	$ 33,644	$ 0
	2010	$ 34,297	$ 34,297	$ 0
	2011	$ 36,418	$ 36,418	$ 0
	2012	$ 38,733	$ 38,733	$ 0
	2013	$ 42,054	$ 42,054	$ 0
	2014	$ 44,472	$ 44,472	$ 0
	2015	$ 43,893	$ 43,893	$ 0
	2016	$ 43,850	$ 43,850	$ 0
Firefighters System	2007	—	—	—
	2008	—	—	—
	2009	—	—	—
	2010	—	—	—
	2011	$ 13	$ 13	$ 0
	2012	$ 5	$ 5	$ 0
	2013	$ 27	$ 27	$ 0
	2014	$ 22	$ 22	$ 0
	2015	$ 34	$ 34	$ 0
	2016	$ 46	$ 46	$ 0
Tier 2 Public Employees System	2007	—	—	—
	2008	—	—	—
	2009	—	—	—
	2010	—	—	—
	2011	—	—	—
	2012	$ 1,492	$ 1,492	$ 0
	2013	$ 4,395	$ 4,395	$ 0
	2014	$ 6,390	$ 6,390	$ 0
	2015	$ 18,280	$ 18,280	$ 0
	2016	$ 24,358	$ 24,358	$ 0
Tier 2 Public Safety and Firefighters System	2007	—	—	—
	2008	—	—	—
	2009	—	—	—
	2010	—	—	—
	2011	—	—	—
	2012	$ 56	$ 56	$ 0
	2013	$ 506	$ 506	$ 0
	2014	$ 1,002	$ 1,002	$ 0
	2015	$ 3,711	$ 3,711	$ 0
	2016	$ 5,349	$ 5,349	$ 0

Covered Payroll	Contributions as a Percentage of Covered Payroll
$ 663,763	14.22 %
$ 714,425	14.22 %
$ 751,161	14.23 %
$ 728,183	14.22 %
$ 717,445	16.31 %
$ 705,969	16.56 %
$ 681,504	19.00 %
$ 656,413	21.33 %
$ 636,665	21.85 %
$ 623,605	21.85 %
$ 24,626	9.73 %
$ 24,109	9.73 %
$ 23,471	9.73 %
$ 21,188	9.73 %
$ 18,204	11.83 %
$ 16,266	12.37 %
$ 14,919	14.27 %
$ 13,238	15.97 %
$ 11,215	17.70 %
$ 9,171	17.70 %
$ 101,688	26.67 %
$ 109,362	26.68 %
$ 119,771	28.09 %
$ 113,776	30.14 %
$ 111,277	32.73 %
$ 118,083	32.80 %
$ 115,261	36.49 %
$ 112,858	39.41 %
$ 110,125	39.86 %
$ 109,288	40.12 %
—	—
—	—
—	—
—	—
$ 777	1.67 %
$ 1,021	0.49 %
$ 1,033	2.61 %
$ 935	2.35 %
$ 897	3.79 %
$ 1,164	3.95 %
—	—
—	—
—	—
—	—
—	—
$ 19,662	7.59 %
$ 51,339	8.56 %
$ 75,172	8.50 %
$ 100,055	18.27 %
$ 133,543	18.24 %
—	—
—	—
—	—
—	—
—	—
$ 536	10.45 %
$ 4,558	11.10 %
$ 9,091	11.02 %
$ 12,751	29.10 %
$ 18,448	29.00 %

Notes to Multiple-employer Systems Schedule of Contributions

This schedule reflects the legislative authorized rates and contributions for these systems. Tier 2 rates include a statutory required contribution (.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8.0 to 7.75 percent, and then again in 2011 down to 7.5 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization
  Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.

New Retirement Plans:

During the 2010 General Session, the Legislature passed Senate Bill 63, *New Public Employees' Tier 2 Contributory Retirement Act.* All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement Systems.

Restatement:

As a result of implementing GASB Statement 82, Pension Issues, payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are no longer reflected in this schedule.

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLANS

The State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) is administered through the State Post-Retirement Benefits Trust Fund as an irrevocable trust. Assets of the trust fund are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees. Only state employees entitled to receive retirement benefits and meeting other specific eligibility criteria are eligible to receive postemployment benefits.

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employee OPEB Plan from December 31, 2010 to December 31, 2012: (***1***) funding at least the Annual Required Contribution (ARC) over the last two years; (***2***) changing the amortization period from 25 years to 20 years; (***3***) healthcare trend assumptions decreased from a beginning rate of 9.5 percent to 8.5 percent; (***4***) average per capita claims costs are lower; and (***5***) active headcounts decreased 8.5 percent while retiree headcounts increased less than 2 percent.

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employee OPEB Plan from December 31, 2012 to December 31, 2014: (***1***) changing the actuarial cost method from Projected Unit Credit to Entry Age Normal; (***2***) changing the medical trend assumptions to the Society of Actuaries Long-Run Medical Cost Trend Getzen Model: and (***3***) active headcounts decreased 15.8 percent while retiree headcounts increased less than 2.5 percent.

The following schedules present the State of Utah's funding progress and required employer contributions for the State Post-Retirement Benefits Trust Fund from the most recent actuarial valuation and the two preceding valuations:

State Employee OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2010.....	$ 106,605	$ 481,393	$ 374,788	22.15 %	$ 589,817	63.54 %
December 31, 2012……	$ 150,107	$ 408,661	$ 258,554	36.73 %	$ 496,491	52.08 %
December 31, 2014……	$ 205,498	$ 386,532	$ 181,034	53.16 %	$ 440,029	41.14 %

State Employee OPEB Plan
Schedule of Employer Contributions
(Expressed in Thousands)

Year Ended	Annual Required Contributions	Percentage Contributed
June 30, 2008	$ 53,491	98.71 %
June 30, 2009	$ 53,491	100.00 %
June 30, 2010	$ 43,819	100.00 %
June 30, 2011.....	$ 43,819	100.00 %
June 30, 2012	$ 37,594	115.16 %
June 30, 2013	$ 37,594	101.27 %
June 30, 2014	$ 30,342	100.00 %
June 30, 2015	$ 30,342	100.00 %
June 30, 2016	$ 29,100	122.62 %

The Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is administered through the Elected Official Post-Retirement Benefits Trust Fund. Only governors and legislators that retire after January 1, 1998 and meet other specific eligibility criteria are eligible for this benefit.

The following factors contributed to the changes in the elements presented below in the Schedule of Funding Progress for the Elected Official OPEB Plan from December 31, 2010 to December 31, 2012: (***1***) creation of a trust and funding more than the Annual Required Contribution (ARC) over the last two years; (***2***) changing the amortization period from 30 years to 20 years; (***3***) changing the discount rate to 4.5 percent from 4 percent; (***4***) healthcare trend assumptions decreased from a beginning rate of 9.5 percent to 8.5 percent; and (***5***) average per capita claims costs are lower.

The following factors contributed to the changes in the elements presented below in the Schedule of Funding Progress for the Elected Official OPEB Plan from December 31, 2012 to December 31, 2014: (***1***) funding more than the Annual Required Contribution (ARC) over the last two years; (***2***) changing the actuarial cost method from Projected Unit Credit to Entry Age Normal; and (***3***) changing the medical trend assumptions to the Society of Actuaries Long-Run Medical Cost Trend Getzen Model.

The following schedules present the State of Utah's funding progress and required contributions for the Elected Official Post-Retirement Benefits Trust Fund from the most recent actuarial valuation and the two preceding valuations (using the projected unit credit method):

Elected Official OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2010	$ —	$ 21,990	$ 21,990	0.00 %	$ 771	2,852.14 %
December 31, 2012	$ 5,302	$ 14,507	$ 9,205	36.55 %	$ 1,431	643.26 %
December 31, 2014	$ 8,863	$ 12,694	$ 3,831	69.82 %	$ 1,751	218.79 %

Elected Official OPEB Plan
Schedule of Employer Contributions
(Expressed in Thousands)

Year Ended	Annual Required Contributions	Percentage Contributed
June 30, 2012.....	$ 1,894	183.21 %
June 30, 2013.....	$ 1,894	107.18 %
June 30, 2014.....	$ 1,321	153.67 %
June 30, 2015.....	$ 1,321	105.07 %
June 30, 2016.....	$ 1,241	111.85 %

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,825 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National Condition Assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting and surface cracking are considered in project recommendations.

Category	IRI Range	Description
Good	< 95	Pavements that provide a smooth ride and typically exhibit few signs of visible distress suitable for surface seals and preservation.
Fair	95 to 170	Pavements with noticeable deterioration beginning to affect the ride in need of resurfacing.
Poor	> 170	Pavements with an unacceptable ride that have deteriorated to such an extent that they are in need of major rehabilitation.

Condition Level – Roads

UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established a three System Level priority (Interstate, Level 1 and Level 2) with individual condition targets for each system. The condition target is to maintain a certain percentage of the mileage at a "fair" or better rating. The Interstate target is 95 percent, Level 1 (with over 1,000 Average Annual Daily Traffic) is 90 percent, and Level 2 (with less than 1,000 Average Annual Daily Traffic) is 80 percent. In 2013 Level 1 and Level 2 roads were redefined to a 1,000 Average Annual Daily Traffic threshold (previously 2,000), resulting in the Level 2 percentage being below target in 2014. The State has corrective processes in place to meet the Level 2 condition target by the next assessment. The 2015 assessment shows that significant progress has been made.

The following table reports the percentage of pavements with ratings of "fair" or better for the last three assessments for each system:

System	2015	2014	2012
Interstate System...	99.5 %	99.7 %	99.5 %
Level 1 System.....	92.7 %	91.7 %	93.5 %
Level 2 System.....	79.2 %	75.3 %	82.1 %

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2016	$ 202,516	$ 291,847
2015	$ 198,526	$ 279,878
2014	$ 193,282	$ 298,484
2013	$ 194,720	$ 328,137
2012	$ 204,647	$ 371,133

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,931 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 – 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 – 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 – 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level – Bridges

The State performs assessments on 50 percent of bridges on an annual basis, each bridge being assessed every other year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 10 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2016	2015	2014
Good	70.9 %	73.0 %	73.4 %
Poor	1.4 %	1.0 %	1.0 %

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

FISCAL YEAR	ESTIMATED SPENDING	ACTUAL SPENDING
2016	$ 35,738	$ 51,502
2015	$ 35,034	$ 49,390
2014	$ 34,109	$ 52,674
2013	$ 34,362	$ 57,907
2012	$ 36,114	$ 65,494

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SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

State Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets authorized under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds in this fund is deposited in the General Fund.

Environmental Reclamation
This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation
This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

Universal Telephone Services
This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund
This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund
This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund
This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs and maintenance of Capitol Hill facilities and grounds. Funding is provided through fees and private donations.

Miscellaneous Special Revenue
This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects – General Government
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service – General Government
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority. The fund also receives capital lease payments from certain college and university component units.

State of Utah

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 118	$ 4,414	$ 1,071	$ 3,171
Investments	171,251	17,226	2,193	—
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	—	—	—	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	—	—	—	—
Due From Component Units	—	—	—	—
Total Assets	$ 171,369	$ 21,640	$ 3,264	$ 3,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 3,747	$ 311	$ —
Due To Other Funds	—	—	—	79
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Total Liabilities	0	3,747	311	79
Deferred Inflows of Resources:				
Unavailable Revenue	—	—	—	—
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Restricted	—	15,130	—	3,092
Committed	171,369	2,763	2,953	—
Assigned	—	—	—	—
Total Fund Balances	171,369	17,893	2,953	3,092
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 171,369	$ 21,640	$ 3,264	$ 3,171

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ —	$ 575	$ 6,967	$ 314,229	$ —
4,141	37,011	226	14,624	1,286	88,624
15	—	—	16,860	489	—
—	—	—	—	—	68
—	—	—	—	—	—
—	—	26	8	2,155	—
—	—	—	—	79,156	—
$ 4,156	$ 37,011	$ 827	$ 38,459	$ 397,315	$ 88,692
$ 34	$ 2	$ 5	$ 2,728	$ 67,363	$ 34
40	637	14	1,205	1,510	3,377
—	—	—	—	306	—
—	—	66	11,567	—	—
74	639	85	15,500	69,179	3,411
—	—	—	—	—	—
0	0	0	0	0	0
—	—	—	14,577	—	85,281
4,082	36,372	742	8,220	—	—
—	—	—	162	328,136	—
4,082	36,372	742	22,959	328,136	85,281
$ 4,156	$ 37,011	$ 827	$ 38,459	$ 397,315	$ 88,692

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2016 (Expressed in Thousands)

	Debt Service		Total Nonmajor Governmental Funds
	General Government	State Building Ownership Authority	
ASSETS			
Cash and Cash Equivalents	$ 68,132	$ 6,813	$ 405,490
Investments	7,040	10,415	354,037
Receivables:			
Accounts, net	—	—	17,364
Accrued Interest	237	8	313
Capital Lease Payments, net	—	94,665	94,665
Due From Other Funds	—	—	2,189
Due From Component Units	—	—	79,156
Total Assets	$ 75,409	$ 111,901	$ 953,214
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 55,547	$ 3	$ 129,774
Due To Other Funds	12,008	6,064	24,934
Due To Component Units	—	—	306
Unearned Revenue	—	—	11,633
Total Liabilities	67,555	6,067	166,647
Deferred Inflows of Resources:			
Unavailable Revenue	—	94,665	94,665
Total Deferred Inflows of Resources	0	94,665	94,665
Fund Balances:			
Restricted	—	—	118,080
Committed	—	—	226,501
Assigned	7,854	11,169	347,321
Total Fund Balances	7,854	11,169	691,902
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 75,409	$ 111,901	$ 953,214

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Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Sales and Use Tax	$ —	$ —	$ —	$ —
Other Taxes	—	—	—	—
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	2,764	—
Charges for Services	—	3,472	7,129	8,757
Intergovernmental	—	—	—	—
Investment Income	1,637	125	14	—
Miscellaneous and Other	—	1,281	—	—
Total Revenues	1,637	4,878	9,907	8,757
EXPENDITURES				
Current:				
General Government	—	2,627	8,002	—
Human Services and Juvenile Justice Services	—	—	—	—
Corrections	—	—	—	—
Public Safety	—	—	—	—
Courts	—	—	—	—
Health and Environmental Quality	—	3,646	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	155	—	—
Heritage and Arts	—	—	—	—
Business, Labor, and Agriculture	—	36	—	10,974
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	6,464	8,002	10,974
Excess Revenues Over (Under) Expenditures	1,637	(1,586)	1,905	(2,217)
OTHER FINANCING SOURCES (USES)				
Revenue Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Capital Leases/Contracts Issued	—	—	—	—
Transfers In	665	400	118	—
Transfers Out	—	(112)	(1,805)	—
Total Other Financing Sources (Uses)	665	288	(1,687)	0
Net Change in Fund Balances	2,302	(1,298)	218	(2,217)
Fund Balances – Beginning	169,067	19,191	2,735	5,309
Adjustment to Beginning Fund Balances	—	—	—	—
Fund Balances – Beginning as Adjusted	169,067	19,191	2,735	5,309
Fund Balances – Ending	$ 171,369	$ 17,893	$ 2,953	$ 3,092

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ —	$ —	$ 4,752	$ —	$ —
—	6,213	—	4,062	—	—
0	6,213	0	8,814	0	0
—	—	—	20,870	—	—
2,899	—	534	50,166	—	—
—	—	—	—	11,264	—
33	270	2	458	299	599
—	—	30	1,446	60	—
2,932	6,483	566	81,754	11,623	599
—	—	959	6,689	13,257	—
—	—	—	301	6,119	—
—	—	—	—	4,386	—
—	—	—	24,660	1,126	—
—	—	—	—	3,105	—
—	—	—	505	900	—
—	—	—	—	29,950	—
—	6,093	—	801	680	—
—	—	—	848	788	—
—	—	—	34	22	—
1,564	—	—	404	1,483	—
—	—	—	7	1,889	—
—	—	—	1	1,166	—
—	—	—	—	178,450	3,750
—	—	—	—	—	—
—	—	—	—	—	—
1,564	6,093	959	34,250	243,321	3,750
1,368	390	(393)	47,504	(231,698)	(3,151)
—	—	—	—	—	86,935
—	—	—	—	—	—
—	—	—	—	5,100	—
—	—	—	575	402,054	—
(1,464)	—	—	(49,104)	(3,721)	—
(1,464)	0	0	(48,529)	403,433	86,935
(96)	390	(393)	(1,025)	171,735	83,784
4,178	35,982	1,135	23,070	156,401	1,497
—	—	—	914	—	—
4,178	35,982	1,135	23,984	156,401	1,497
$ 4,082	$ 36,372	$ 742	$ 22,959	$ 328,136	$ 85,281

Continues

Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Debt Service		Total Nonmajor Governmental Funds
	General Government	State Building Ownership Authority	
REVENUES			
Taxes:			
Sales and Use Tax	$ —	$ —	$ 4,752
Other Taxes	—	—	10,275
Total Taxes	0	0	15,027
Other Revenues:			
Federal Contracts and Grants	14,445	1,629	39,708
Charges for Services	—	—	72,957
Intergovernmental	—	—	11,264
Investment Income	—	26	3,463
Miscellaneous and Other	—	23,989	26,806
Total Revenues	14,445	25,644	169,225
EXPENDITURES			
Current:			
General Government	—	—	31,534
Human Services and Juvenile Justice Services	—	—	6,420
Corrections	—	—	4,386
Public Safety	—	—	25,786
Courts	—	—	3,105
Health and Environmental Quality	—	—	5,051
Higher Education – Colleges and Universities	—	—	29,950
Employment and Family Services	—	—	7,574
Natural Resources	—	—	1,791
Heritage and Arts	—	—	56
Business, Labor, and Agriculture	—	—	14,461
Public Education	—	—	1,896
Transportation	—	—	1,167
Capital Outlay	—	—	182,200
Debt Service:			
Principal Retirement	331,255	17,321	348,576
Interest and Other Charges	109,349	9,456	118,805
Total Expenditures	440,604	26,777	782,758
Excess Revenues Over (Under) Expenditures	(426,159)	(1,133)	(613,533)
OTHER FINANCING SOURCES (USES)			
Revenue Bonds Issued	—	6,690	93,625
Premium on Bonds Issued	—	4,405	4,405
Capital Leases/Contracts Issued	—	—	5,100
Transfers In	440,703	223	844,738
Transfers Out	(14,362)	—	(70,568)
Total Other Financing Sources (Uses)	426,341	11,318	877,300
Net Change in Fund Balances	182	10,185	263,767
Fund Balances – Beginning	7,672	984	427,221
Adjustment to Beginning Fund Balances	—	—	914
Fund Balances – Beginning as Adjusted	7,672	984	428,135
Fund Balances – Ending	$ 7,854	$ 11,169	$ 691,902

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Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
GENERAL GOVERNMENT				
Legislature				
Senate	$ 4,223	$ —	$ —	$ 4,223
House	7,343	—	—	7,343
Printing	927	—	282	1,209
Research and General Counsel	10,866	—	—	10,866
Fiscal Analyst	4,276	—	—	4,276
Auditor General	4,691	—	—	4,691
Legislative Services	2,192	—	—	2,192
Total Legislature	34,518	0	282	34,800
Elected Officials				
State Treasurer	$ 2,773	$ —	$ 531	$ 3,304
GOV – Administrative Office	5,860	187	1,076	7,123
GOV – Management and Budget	6,029	—	—	6,029
GOV – School Readiness Initiative	4,366	—	—	4,366
GOV – Lt. Governor Character Education	501	—	—	501
GOV – Criminal and Juvenile Justice	15,447	9,632	73	25,152
GOV – CCJJ – Factual Innocence	471	—	—	471
GOV – Indigent Defense Commission	1,500	—	—	1,500
GOV – Emergency Fund	100	—	—	100
GOV – LeRay McAllister Program	1,259	—	—	1,259
GOV – CCJJ – Jail Reimbursement	14,967	—	—	14,967
GOV – Pete Suazo Athletic Commission	307	—	52	359
GOV – Economic Development Administration	12,124	—	835	12,959
GOV – Office of Tourism	25,220	—	273	25,493
GOV – Business Development	12,061	960	270	13,291
GOV – Utah Broadband Outreach Center	350	—	—	350
GOV – STEM Action Center	20,047	—	503	20,550
GOV – Pass Through	21,617	—	—	21,617
GOV – Industrial Assistance Fund	3,888	—	—	3,888
GOV – Office of Energy Development	2,346	455	301	3,102
GOV – Constitutional Defense Council	283	—	—	283
USTAR – Administration	1,345	—	—	1,345
USTAR – University Research Teams	22,674	—	—	22,674
USTAR – Technology Outreach and Innovation	2,899	—	1	2,900
Attorney General	36,211	2,412	21,086	59,709
AG – Contract Attorneys	49	—	1,577	1,626
AG – Prosecution Council	733	32	369	1,134
AG – Domestic Violence	78	—	—	78
AG – Children's Justice Centers	3,778	224	254	4,256
AG – State Settlement Agreements	224	—	—	224
State Auditor	3,780	—	2,472	6,252
Total Elected Officials	223,287	13,902	29,673	266,862
Government Operations				
Capitol Preservation Board	$ 4,348	$ —	$ —	$ 4,348
Department of Administrative Services	1,260	—	36	1,296
DAS – Administrative Rules	618	—	—	618
DAS – DFCM Administration	6,251	—	1,657	7,908
DAS – State Archives	3,146	28	52	3,226
DAS – Finance Administration	10,305	—	2,020	12,325
DAS – Office of the Inspector General of Medicaid	1,545	—	1,238	2,783
DAS – Post Conviction Indigent Defense	168	—	—	168
DAS – Elected Official Post Retirement Benefit	1,388	—	—	1,388

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 2,433	$ —	$ —	$ 1,790
4,356	—	—	2,987
764	—	—	445
9,299	—	—	1,567
2,896	—	—	1,380
3,796	—	—	895
789	—	—	1,403
24,333	0	0	10,467
$ 2,933	$ —	$ —	$ 371
6,241	—	228	654
4,690	—	—	1,339
1,140	—	—	3,226
176	—	—	325
18,983	—	431	5,738
106	—	—	365
—	—	—	1,500
—	—	—	100
335	—	—	924
14,967	—	—	—
266	—	—	93
12,239	—	—	720
22,242	—	—	3,251
10,384	—	—	2,907
326	—	—	24
15,950	—	—	4,600
21,617	—	—	—
3,888	—	—	—
2,598	—	108	396
—	—	—	283
1,137	—	—	208
14,031	—	—	8,643
2,603	—	—	297
57,611	—	354	1,744
1,576	—	—	50
936	—	96	102
78	—	—	—
3,825	—	—	431
223	1	—	—
5,324	—	—	928
226,425	1	1,217	39,219
$ 4,219	$ —	$ —	$ 129
1,158	—	—	138
287	—	—	331
6,321	—	—	1,587
3,061	—	—	165
9,878	—	—	2,447
2,619	—	—	164
4	—	—	164
1,388	—	—	—

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
Government Operations (Continued)				
DAS – Finance Mandated	16,923	—	—	16,923
DAS – Judicial Conduct Commission	280	—	—	280
DAS – Executive Branch Ethics Commission	52	—	—	52
DAS – Finance Mandated Parental Defense	115	—	28	143
DAS – Purchasing	654	—	—	654
DAS – Building Board Program	1,573	—	—	1,573
Tax Commission	77,952	536	6,695	85,183
TAX – License Plates Production	802	—	2,363	3,165
TAX – Liquor Profit Distribution	5,392	—	—	5,392
TAX – Rural Health Care	555	—	—	555
Human Resource Management	2,955	—	209	3,164
Career Service Review Office	298	—	—	298
DTS – Chief Information Officer	567	—	—	567
DTS – Integrated Technology	1,758	10	732	2,500
Total Government Operations	138,905	574	15,030	154,509
Total General Government	$ 396,710	$ 14,476	$ 44,985	$ 456,171
HUMAN SERVICES				
Administration	$ 8,510	$ 7,015	$ 2,335	$ 17,860
Substance Abuse and Mental Health	110,416	24,922	17,685	153,023
Services for People with Disabilities	82,513	1,227	187,578	271,318
Recovery Services	13,441	18,686	10,519	42,646
Child and Family Services	117,798	57,954	(5,982)	169,770
Juvenile Justice Services	93,227	3,219	2,268	98,714
Aging and Adult Services	14,399	10,813	(955)	24,257
Total Human Services	$ 440,304	$ 123,836	$ 213,448	$ 777,588
CORRECTIONS				
Department of Corrections				
Programs and Operations	$ 224,650	$ 327	$ 3,932	$ 228,909
Medical Services	34,609	—	579	35,188
Jail Contracting	34,612	—	—	34,612
Total Department of Corrections	293,871	327	4,511	298,709
Board of Pardons and Parole				
Board of Pardons and Parole	$ 4,696	$ —	$ 3	$ 4,699
Total Board of Pardons and Parole	4,696	0	3	4,699
Total Corrections	$ 298,567	$ 327	$ 4,514	$ 303,408
PUBLIC SAFETY				
Department of Public Safety				
UCA Administrative Services Division	$ 17,500	$ —	$ —	$ 17,500
Programs and Operations	108,321	1,586	21,998	131,905
Emergency Management	2,174	15,505	320	17,999
Emergency Management – National Guard	150	—	—	150
Emergency and Disaster Management	3,003	—	—	3,003
Peace Officer's Standards and Training	4,681	—	35	4,716
Driver License	36,491	156	87	36,734
Highway Safety	1,486	3,587	642	5,715
Total Department of Public Safety	173,806	20,834	23,082	217,722

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
5,034	85	11,804	—
256	—	—	24
5	—	—	47
115	—	—	28
654	—	—	—
1,278	—	95	200
80,014	2,500	360	2,309
2,607	—	—	558
5,392	—	—	—
219	—	336	—
2,667	447	—	50
255	13	—	30
539	—	—	28
2,028	—	—	472
129,998	3,045	12,595	8,871
$ 380,756	$ 3,046	$ 13,812	$ 58,557
$ 17,804	$ —	$ —	$ 56
151,867	—	170	986
270,878	—	—	440
42,638	8	—	—
168,487	—	64	1,219
94,779	—	—	3,935
24,036	—	—	221
$ 770,489	$ 8	$ 234	$ 6,857
$ 219,386	$ —	$ 457	$ 9,066
33,551	—	—	1,637
29,727	—	—	4,885
282,664	0	457	15,588
$ 4,442	$ —	$ —	$ 257
4,442	0	0	257
$ 287,106	$ 0	$ 457	$ 15,845
$ 7,500	$ 10,000	$ —	$ —
122,600	—	1,495	7,810
17,936	—	—	63
—	—	—	150
723	—	—	2,280
3,970	—	680	66
30,010	—	—	6,724
5,068	—	—	647
187,807	10,000	2,175	17,740

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
Utah National Guard				
Utah National Guard Administration	$ 6,889	$ 40,765	$ 60	$ 47,714
Total Utah National Guard	6,889	40,765	60	47,714
Department of Veteran's and Military Affairs				
Veteran's and Military Affairs	$ 3,669	$ 561	$ 296	$ 4,526
Total Department of Veteran's and Military Affairs	3,669	561	296	4,526
Total Public Safety	$ 184,364	$ 62,160	$ 23,438	$ 269,962
STATE COURTS				
Judicial Council	$ 118,615	$ 561	$ 2,183	$ 121,359
Contracts and Leases	20,218	—	201	20,419
Jury and Witness Fees	1,581	—	11	1,592
Guardian Ad Litem	7,614	—	42	7,656
Total State Courts	$ 148,028	$ 561	$ 2,437	$ 151,026
HEALTH and ENVIRONMENTAL QUALITY				
Department of Health	$ 6,714	$ 6,556	$ 3,726	$ 16,996
DOH – Rural Physicians Loan Repayment Assistance	299	—	—	299
DOH – Disease Control and Prevention	22,195	32,295	12,156	66,646
DOH – Family Health and Preparedness	22,260	79,583	23,365	125,208
DOH – Medicaid and Health Financing	7,168	78,789	38,586	124,543
DOH – Medicaid – Mandatory Services	413,189	1,028,713	52,401	1,494,303
DOH – Medicaid – Optional Services	118,225	547,531	300,930	966,686
DOH – Local Health Department	2,138	—	—	2,138
DOH – Children's Health Insurance Program	7,810	115,166	6,414	129,390
DOH – Workforce Financial Assistance	602	—	—	602
DOH – Medicaid Sanctions	983	—	—	983
DOH – Commodities	—	25,512	—	25,512
Department of Environmental Quality	3,535	284	2,797	6,616
DEQ – Air Quality	6,836	3,631	4,386	14,853
DEQ – Environmental Response and Remediation	3,278	3,183	267	6,728
DEQ – Water Quality	4,688	4,434	1,679	10,801
DEQ – Drinking Water	1,474	4,387	(242)	5,619
DEQ – Clean Air Retrofit, Replacement and Off-road	700	—	—	700
DEQ – Waste Management and Radiation Control	7,712	860	632	9,204
Total Health and Environmental Quality	$ 629,806	$ 1,930,924	$ 447,097	$ 3,007,827
HIGHER EDUCATION				
Board of Regents	$ 3,678	$ 1,163	$ —	$ 4,841
RGT – Student Support	1,599	—	—	1,599
RGT – Economic Development	4,861	—	—	4,861
RGT – Student Assistance	16,358	—	—	16,358
RGT – Math Competency Initiative	1,825	—	—	1,825
RGT – Technology	7,184	—	—	7,184
RGT – Education Excellence	10,008	—	—	10,008
RGT – Medical Education Council	574	—	—	574
U of U – Education and General	222,681	—	263,386	486,067

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 47,696	$ —	$ —	$ 18
47,696	0	0	18
$ 3,708	$ —	$ —	$ 818
3,708	0	0	818
$ 239,211	$ 10,000	$ 2,175	$ 18,576
$ 113,803	$ —	$ 5,388	$ 2,168
20,208	—	—	211
2,503	—	—	(911)
7,152	—	—	504
$ 143,666	$ 0	$ 5,388	$ 1,972
$ 16,596	$ —	$ —	$ 400
98	—	—	201
65,343	—	41	1,262
121,933	10	155	3,110
124,128	—	—	415
1,468,790	—	16,713	8,800
956,050	—	7,675	2,961
2,138	—	—	—
128,114	—	635	641
17	—	—	585
—	—	—	983
25,512	—	—	—
5,572	—	—	1,044
14,224	—	78	551
6,266	—	462	—
10,748	—	53	—
5,533	—	86	—
304	—	—	396
8,086	—	1,118	—
$ 2,959,452	$ 10	$ 27,016	$ 21,349
$ 4,841	$ —	$ —	$ —
1,599	—	—	—
4,861	—	—	—
16,358	—	—	—
1,825	—	—	—
7,184	—	—	—
10,008	—	—	—
574	—	—	—
486,067	—	—	—

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
HIGHER EDUCATION (Continued)				
U of U – Educationally Disadvantaged	694	—	—	694
U of U – School of Medicine	31,762	—	25,072	56,834
U of U – University Hospital	4,835	—	—	4,835
U of U – Regional Dental Education	569	—	3,417	3,986
U of U – Public Service	1,562	—	—	1,562
U of U – Statewide TV Administration	2,499	—	—	2,499
U of U – Health Sciences	10,562	—	8,800	19,362
U of U – Rocky Mtn Ctr for Occupational Health	283	—	—	283
U of U – Poison Control Center	2,151	—	—	2,151
U of U – Center on Aging	105	—	—	105
USU – Education and General	127,732	—	89,313	217,045
USU – Educationally Disadvantaged	100	—	9	109
USU – Water Research Laboratory	3,467	—	—	3,467
USU – Agricultural Experiment Station	12,297	2,609	—	14,906
USU – Cooperative Extension Service	13,094	2,401	—	15,495
USU – Uintah Basin CEC	3,984	—	2,159	6,143
USU – Southeastern Utah CEC	754	—	1,468	2,222
USU – Eastern Education and General	12,362	—	2,891	15,253
USU – Eastern Educationally Disadvantaged	105	—	—	105
USU – Eastern Career and Technical Education	1,358	—	—	1,358
USU – Eastern Prehistoric Museum	267	—	—	267
USU – Blanding Campus	2,234	—	1,274	3,508
USU – Brigham City CEC	6,188	—	31,129	37,317
USU – Tooele CEC	4,168	—	9,072	13,240
Weber – Education and General	75,061	—	69,754	144,815
Weber – Educationally Disadvantaged	362	—	—	362
SUU – Education and General	33,836	—	38,545	72,381
SUU – Educationally Disadvantaged	92	—	—	92
SUU – Shakespeare Festival	22	—	—	22
SUU – Rural Development	100	—	—	100
Snow College – Education and General	20,510	—	10,372	30,882
Snow College – Educationally Disadvantaged	32	—	—	32
Snow College – Career Technology Education	1,326	—	—	1,326
Dixie – Education and General	32,033	—	26,980	59,013
Dixie – Educationally Disadvantaged	26	—	—	26
Dixie – Zion Park Amphitheatre	54	—	30	84
UVU – Education and General	96,402	—	115,174	211,576
UVU – Educationally Disadvantaged	167	—	—	167
SLCC – Education and General	82,828	—	56,628	139,456
SLCC – Educationally Disadvantaged	178	—	—	178
SLCC – School of Applied Technology	6,333	—	792	7,125
Utah College of Applied Technology	5,589	—	—	5,589
UCAT – Bridgerland	11,372	—	—	11,372
UCAT – Davis	13,058	—	—	13,058
UCAT – Ogden/Weber	12,816	—	—	12,816
UCAT – Uintah Basin	6,700	—	—	6,700
UCAT – Mountainland	9,795	—	—	9,795
UCAT – Southwest	3,998	—	—	3,998
UCAT – Dixie	3,963	—	—	3,963
UCAT – Tooele	3,065	—	—	3,065
Utah Education and Telehealth Network	32,316	—	—	32,316
Total Higher Education	$ 963,934	$ 6,173	$ 756,265	$ 1,726,372

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
694	—	—	—
56,834	—	—	—
4,835	—	—	—
3,986	—	—	—
1,562	—	—	—
2,499	—	—	—
19,362	—	—	—
283	—	—	—
2,151	—	—	—
105	—	—	—
217,045	—	—	—
109	—	—	—
3,420	—	47	—
14,906	—	—	—
15,495	—	—	—
6,143	—	—	—
2,222	—	—	—
15,253	—	—	—
105	—	—	—
1,358	—	—	—
267	—	—	—
3,508	—	—	—
37,317	—	—	—
13,240	—	—	—
144,815	—	—	—
362	—	—	—
72,381	—	—	—
92	—	—	—
22	—	—	—
100	—	—	—
30,882	—	—	—
32	—	—	—
1,326	—	—	—
59,013	—	—	—
26	—	—	—
84	—	—	—
211,576	—	—	—
167	—	—	—
139,456	—	—	—
178	—	—	—
7,125	—	—	—
5,589	—	—	—
11,372	—	—	—
13,058	—	—	—
12,816	—	—	—
6,700	—	—	—
9,795	—	—	—
3,998	—	—	—
3,963	—	—	—
3,065	—	—	—
32,316	—	—	—
$ 1,726,325	$ 0	$ 47	$ 0

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
WORKFORCE SERVICES				
Administration	$ 3,386	$ 6,188	$ 2,535	$ 12,109
Operations and Policy	58,377	193,978	40,669	293,024
Nutritional Assistance – SNAP	—	305,270	—	305,270
General Assistance	4,880	—	250	5,130
Unemployment Insurance Administration	2,085	18,142	779	21,006
Housing and Community Development	6,525	32,404	1,225	40,154
HCD Capital Development	47,062	—	—	47,062
HCD Special Districts	3,308	—	—	3,308
CDBG Loan Advances	—	—	17	17
Total Workforce Services	$ 125,623	$ 555,982	$ 45,475	$ 727,080
NATURAL RESOURCES				
Department of Natural Resources	$ 2,844	$ —	$ —	$ 2,844
Building Operations	1,789	—	—	1,789
Forestry, Fire, and State Lands	18,686	4,138	10,837	33,661
Oil, Gas, and Mining	8,259	4,141	145	12,545
Wildlife Resources	48,471	18,121	(128)	66,464
Species Protection	1,335	—	2,450	3,785
Predator Control	60	—	—	60
Watershed Development	3,928	—	500	4,428
Pass Through	8,015	—	—	8,015
Contributed Research	—	—	1,018	1,018
Cooperative Environmental Studies	2	7,912	10,651	18,565
Parks and Recreation	30,231	1,462	1,152	32,845
Parks and Recreation – Capital Development	10,722	1,534	125	12,381
Utah Geological Survey	5,873	851	1,037	7,761
Water Resources	17,177	—	150	17,327
Wildlife Resources – Capital Development	1,205	1,046	—	2,251
Water Rights	8,471	119	1,883	10,473
Public Lands Policy Office	7,246	—	—	7,246
National Parks Operation Contribution	3,999	—	—	3,999
Public Lands Litigation	2,311	—	—	2,311
Total Natural Resources	$ 180,624	$ 39,324	$ 29,820	$ 249,768
HERITAGE and ARTS				
Heritage and Arts Administration	$ 4,824	$ 3,569	$ 59	$ 8,452
Indian Affairs	332	—	44	376
State History	2,126	1,112	29	3,267
Historical Society	58	—	94	152
Arts and Museums	4,392	736	1,285	6,413
Museum Services	363	—	—	363
State Library	4,764	1,792	2,091	8,647
DHA Pass Through	3,722	—	—	3,722
Total Heritage and Arts	$ 20,581	$ 7,209	$ 3,602	$ 31,392

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 10,918	$ 1,110	$ 81	$ —
288,288	—	3,301	1,435
305,270	—	—	—
4,274	—	—	856
20,978	—	28	—
39,720	23	411	—
47,062	—	—	—
3,308	—	—	—
17	—	—	—
$ 719,835	$ 1,133	$ 3,821	$ 2,291
$ 2,641	$ —	$ —	$ 203
1,789	—	—	—
25,481	107	798	7,275
9,224	—	1,030	2,291
63,282	28	2,402	752
3,104	—	481	200
60	—	—	—
4,046	—	23	359
4,686	200	—	3,129
1,018	—	—	—
18,563	—	2	—
30,688	—	1,904	253
4,222	—	—	8,159
7,496	—	78	187
7,220	—	189	9,918
2,251	—	—	—
10,303	—	—	170
3,677	—	731	2,838
912	—	—	3,087
261	—	757	1,293
$ 200,924	$ 335	$ 8,395	$ 40,114
$ 7,290	$ 7	$ 26	$ 1,129
333	—	—	43
3,267	—	—	—
65	—	—	87
4,292	—	—	2,121
363	—	—	—
8,460	—	—	187
3,722	—	—	—
$ 27,792	$ 7	$ 26	$ 3,567

Continues

Detail Schedule of Expenditures Budget and Actual Comparison General Fund

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
BUSINESS, LABOR, and AGRICULTURE				
Department of Agriculture and Food	$ 3,073	$ 873	$ 480	$ 4,426
AGR – Building Operations	357	—	—	357
AGR – Utah State Fair	675	—	—	675
AGR – Predatory Animal Control	1,606	—	720	2,326
AGR – Invasive Species Mitigation	2,867	—	—	2,867
AGR – Rangeland Improvement	3,391	—	—	3,391
AGR – Animal Health	4,001	1,200	493	5,694
AGR – Plant Industry	1,768	781	2,463	5,012
AGR – Regulatory Services	2,214	655	2,489	5,358
AGR – Marketing and Economic Development	814	—	—	814
AGR – Resource Conservation	2,511	6,097	1,492	10,100
Labor Commission	10,965	2,858	114	13,937
Department of Commerce	27,441	384	747	28,572
COM – Building Inspector Training	1,082	—	477	1,559
COM – Public Utilities – Professional Services	3,623	—	—	3,623
COM – Consumer Services – Professional Services	3,851	—	—	3,851
Financial Institutions	7,551	—	—	7,551
Insurance Department	14,284	576	1	14,861
INS – Bail Bond Program	25	—	—	25
INS – Title Insurance Program	136	—	—	136
INS – Health Insurance Actuary	285	—	—	285
Public Service Commission	3,111	—	9	3,120
PSC – Speech and Hearing Impaired	3,232	—	711	3,943
Total Business, Labor, and Agriculture	$ 98,863	$ 13,424	$ 10,196	$ 122,483
TOTAL GENERAL FUND				
Total Expenditures	$ 3,487,404	$ 2,754,396	$ 1,581,277	$ 7,823,077

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 4,320	$ —	$ 71	$ 35
357	—	—	—
675	—	—	—
2,045	95	—	186
1,267	—	701	899
1,340	—	1,151	900
5,680	—	—	14
4,331	—	—	681
4,840	33	—	485
724	22	—	68
10,043	—	—	57
13,431	3	503	—
25,894	45	445	2,188
590	—	—	969
408	—	—	3,215
382	—	—	3,469
7,314	—	237	—
10,922	74	1,695	2,170
25	—	—	—
81	—	11	44
—	—	147	138
2,404	—	—	716
1,056	—	—	2,887
$ 98,129	$ 272	$ 4,961	$ 19,121
$ 7,553,685	$ 14,811	$ 66,332	$ 188,249

Detail Schedule of Expenditures—Budget and Actual Comparison
Education Fund, Transportation Fund,
Transportation Investment Fund, and Debt Service Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
EDUCATION FUND				
State Board of Education				
State Office of Education	$ 57,711	$ 255,443	$ 15,192	$ 328,346
State Office of Rehabilitation	23,346	40,244	(40)	63,550
Child Nutrition	143	158,030	40,445	198,618
Fine Arts Outreach	4,190	—	—	4,190
Educational Contracts	3,500	—	(14)	3,486
Charter School Board	5,283	—	(128)	5,155
Science Outreach	4,390	—	—	4,390
Educator Licensing	2,395	—	(188)	2,207
Initiative Programs	44,168	—	(59)	44,109
Basic School Program	2,157,406	—	(22)	2,157,384
Related to Basic Programs	576,402	—	(97)	576,305
Voted and Board Leeway Programs	155,769	—	—	155,769
School Building Programs	33,250	—	—	33,250
Teacher Salary Supplement	7,777	—	—	7,777
Charter School Finance Authority	50	—	—	50
Commodities	—	17,746	—	17,746
Total Office of Education	3,075,780	471,463	55,089	3,602,332
Schools for the Deaf and the Blind				
Schools for the Deaf and the Blind	$ 26,068	$ 97	$ 7,068	$ 33,233
Institutional Council	—	—	1,058	1,058
Total Schools for the Deaf and the Blind	26,068	97	8,126	34,291
Total Education Fund	$ 3,101,848	$ 471,560	$ 63,215	$ 3,636,623
TRANSPORTATION FUND				
Support Services	$ 32,327	$ 4,147	$ —	$ 36,474
Engineering Services	18,009	25,963	1,517	45,489
Maintenance Management	149,878	8,888	2,796	161,562
Construction Management	82,916	264,125	26,757	373,798
Region Management	24,270	3,400	2,201	29,871
Equipment Management	1,840	—	29,959	31,799
Aeronautics	12,492	493	605	13,590
Share the Road	35	—	—	35
B and C Roads	148,483	—	—	148,483
Safe Sidewalk Construction	882	—	—	882
Mineral Lease	29,739	—	—	29,739
Corridor Preservation	16,913	—	—	16,913
Tollway	1,102	—	—	1,102
Counties of the 1st and 2nd Class	27,986	—	—	27,986
Inventory and Miscellaneous	—	—	5,503	5,503
Total Transportation Fund	$ 546,872	$ 307,016	$ 69,338	$ 923,226
TRANSPORTATION INVESTMENT FUND				
TIF Capacity Program	$ 341,737	$ —	$ —	$ 341,737
Total Transportation Investment Fund	$ 341,737	$ 0	$ 0	$ 341,737
DEBT SERVICE FUNDS				
General Government	$ 448,149	$ 14,445	$ 1,261	$ 463,855
State Building Ownership Authority	1,207	1,629	34,510	37,346
Total Debt Service Funds	$ 449,356	$ 16,074	$ 35,771	$ 501,201

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 301,929	$ —	$ 291	$ 26,126
63,550	—	—	—
198,618	—	—	—
4,135	—	—	55
3,007	—	—	479
3,818	—	—	1,337
4,390	—	—	—
2,006	—	201	—
30,189	—	—	13,920
2,146,310	—	—	11,074
559,836	—	28	16,441
153,240	—	—	2,529
33,250	—	—	—
6,452	—	—	1,325
—	—	50	—
17,746	—	—	—
3,528,476	0	570	73,286
$ 33,233	$ —	$ —	$ —
1,058	—	—	—
34,291	0	0	0
$ 3,562,767	$ 0	$ 570	$ 73,286
$ 35,561	$ 113	$ —	$ 800
44,964	225	—	300
160,275	—	—	1,287
330,225	43,573	—	—
29,143	528	—	200
31,799	—	—	—
7,954	—	1,607	4,029
27	—	8	—
148,483	—	—	—
608	—	—	274
29,739	—	—	—
16,913	—	—	—
1,102	—	—	—
27,986	—	—	—
1,537	3,966	—	—
$ 866,316	$ 48,405	$ 1,615	$ 6,890
$ 341,737	$ —	$ —	$ —
$ 341,737	$ 0	$ 0	$ 0
$ 441,556	$ 14,445	$ —	$ 7,854
26,177	—	—	11,169
$ 467,733	$ 14,445	$ 0	$ 19,023

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Nonmajor Enterprise Funds

Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal programs, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Energy Efficiency Fund
This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in political subdivisions and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Transportation Infrastructure Loan Fund
This fund was created as a revolving loan fund to provide infrastructure assistance to local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

Alcoholic Beverage Control
The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries
Utah Correctional Industries (UCI) was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

State Trust Lands Administration
This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

Combining Statement Of Net Position
Nonmajor Enterprise Funds

June 30, 2016 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 17,118	$ 19,819	$ 2,589	$ 7,836
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	1,036	536	3	184
Notes/Loans/Mortgages, net	6,067	3,790	555	1,616
Due From Other Funds	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	381	—	—	—
Total Current Assets	24,602	24,145	3,147	9,636
Noncurrent Assets:				
Investments	—	—	—	—
Accrued Interest Receivable	1,359	—	—	—
Notes/Loans/Mortgages Receivables, net	110,956	30,773	1,462	14,983
Other Assets	—	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets–Software	—	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	112,315	30,773	1,462	14,983
Total Assets	$ 136,917	$ 54,918	$ 4,609	$ 24,619
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	—	—	—	—
Total Deferred Outflows of Resources	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 15	$ 13	$ 123	$ —
Deposits	1	—	—	—
Due To Other Funds	2	1	—	—
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	18	14	123	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Net Pension Liability	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	$ 18	$ 14	$ 123	$ 0
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ —	$ —	$ —	$ —
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ —	$ —	$ —	$ —
Restricted for:				
Loan Programs	82,932	5,005	—	24,619
Unrestricted	53,967	49,899	4,486	—
Total Net Position	$ 136,899	$ 54,904	$ 4,486	$ 24,619

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 156	$ 712	$ 2,655	$ 957	$ 51,842
2,118	1,583	2,568	284	6,553
—	—	—	—	1,759
—	—	1	—	12,029
9,418	335	323	—	10,076
—	—	—	3	3
37,435	1,178	—	19	39,013
49,127	3,808	5,547	1,263	121,275
—	—	—	234	234
—	—	—	—	1,359
—	—	—	—	158,174
—	3	—	—	3
23,357	—	263	32	23,652
126	304	—	—	430
75,278	4,021	233	143	79,675
8,986	4,474	1,321	83	14,884
2,087	644	—	—	2,731
143	—	—	46	189
(34,936)	(4,274)	(1,240)	(186)	(40,656)
75,041	5,169	577	118	80,905
75,041	5,172	577	352	240,675
$ 124,168	$ 8,980	$ 6,124	$ 1,615	$ 361,950
$ 4,289	$ 114	$ —	$ —	$ 4,403
2,492	1,735	1,854	110	6,191
$ 6,781	$ 1,849	$ 1,854	$ 110	$ 10,594
$ 11,760	$ 1,331	$ 1,138	$ 142	$ 14,522
—	—	—	—	1
29,050	228	256	—	29,537
—	—	26	—	26
1,063	5	2,873	—	3,941
4,728	199	—	—	4,927
46,601	1,763	4,293	142	52,954
72,553	1,243	—	—	73,796
5,901	4,266	4,036	406	14,609
78,454	5,509	4,036	406	88,405
$ 125,055	$ 7,272	$ 8,329	$ 548	$ 141,359
$ 638	$ 419	$ 413	$ 38	$ 1,508
$ 638	$ 419	$ 413	$ 38	$ 1,508
$ 11,035	$ 3,832	$ 577	$ 118	$ 15,562
—	—	—	—	112,556
(5,779)	(694)	(1,341)	1,021	101,559
$ 5,256	$ 3,138	$ (764)	$ 1,139	$ 229,677

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ —	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	2,049	1,085	—	—
Miscellaneous	40	2	—	—
Total Operating Revenues	2,089	1,087	0	0
OPERATING EXPENSES				
Administration	125	259	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	3,579	—	180	—
Rentals and Leases	1	3	—	—
Maintenance	13	—	—	—
Depreciation/Amortization	—	—	—	—
Miscellaneous Other:				
Data Processing	—	7	—	—
Supplies	—	2	—	—
Utilities	—	3	—	—
Advertising and Other	258	5	5	—
Total Operating Expenses	3,976	279	185	0
Operating Income (Loss)	(1,887)	808	(185)	0
NONOPERATING REVENUES (EXPENSES)				
Investment Income	110	115	28	179
Federal Contracts and Grants	3,351	—	—	—
Tax Revenues	—	525	—	—
Interest Expense	—	—	—	—
Total Nonoperating Revenues (Expenses)	3,461	640	28	179
Income (Loss) before Transfers	1,574	1,448	(157)	179
Transfers In	3,243	—	—	—
Transfers Out	—	(788)	(49)	—
Change in Net Position	4,817	660	(206)	179
Net Position – Beginning	132,082	54,244	4,692	24,440
Adjustment to Beginning Net Position	—	—	—	—
Net Position – Beginning as Adjusted	132,082	54,244	4,692	24,440
Net Position – Ending	$ 136,899	$ 54,904	$ 4,486	$ 24,619

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 361,199	$ 23,644	$ 8,482	$ 34	$ 393,359
2,826	—	26	2,713	5,565
—	—	—	—	3,134
457	12	—	57	568
364,482	23,656	8,508	2,804	402,626
18,513	5,792	8,227	622	33,538
221,088	14,614	—	97	235,799
—	—	—	—	3,759
1,068	435	755	—	2,262
3,121	205	114	—	3,453
3,167	325	35	12	3,539
2,143	287	250	—	2,687
239	1,067	182	—	1,490
185	126	130	—	444
8,136	784	1,710	2,041	12,939
257,660	23,635	11,403	2,772	299,910
106,822	21	(2,895)	32	102,716
—	—	(32)	(3)	397
303	—	—	—	3,654
—	—	—	—	525
(3,095)	(39)	—	—	(3,134)
(2,792)	(39)	(32)	(3)	1,442
104,030	(18)	(2,927)	29	104,158
—	—	—	—	3,243
(104,030)	—	(1,841)	—	(106,708)
0	(18)	(4,768)	29	693
5,256	3,156	4,004	1,477	229,351
—	—	—	(367)	(367)
5,256	3,156	4,004	1,110	228,984
$ 5,256	$ 3,138	$ (764)	$ 1,139	$ 229,677

State of Utah

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,843	$ 1,088	$ —	$ —
Receipts from Loan Maturities	8,337	5,397	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(412)	(17)	(60)	—
Disbursements for Loans Receivable	(11,471)	(4,605)	—	—
Payments for Employee Services and Benefits	(125)	(267)	—	—
Payments to State Suppliers	(3,448)	(13)	(5)	—
Payments of Sales Tax and School Lunch Collections	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(5,276)	1,583	(65)	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Contracts and Grants and Other Revenues	3,349	—	—	—
Restricted Sales Tax	—	525	—	—
Transfers In from Other Funds	3,243	—	—	—
Transfers Out to Other Funds	—	(788)	(49)	—
Net Cash Provided (Used) by Noncapital Financing Activities	6,592	(263)	(49)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends from Investments	110	115	—	(18)
Receipts from Loan Maturities	—	—	409	3,148
Receipts of Interest from Loans	—	—	28	51
Disbursements for Loans Receivable	—	—	—	(16,150)
Net Cash Provided (Used) by Investing Activities	110	115	437	(12,969)
Net Cash Provided (Used) – All Activities	1,426	1,435	323	(12,969)
Cash and Cash Equivalents – Beginning	15,692	18,384	2,266	20,805
Cash and Cash Equivalents – Ending	$ 17,118	$ 19,819	$ 2,589	$ 7,836

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 430,581	$ 9,859	$ 11,864	$ 2,900	$ 458,135
—	—	—	—	13,734
—	14,243	—	—	14,243
(241,124)	(14,387)	(5,415)	(1,979)	(263,394)
—	—	—	—	(16,076)
(17,125)	(6,227)	(8,707)	(687)	(33,138)
(5,697)	(3,147)	(250)	—	(12,560)
(66,456)	—	—	—	(66,456)
100,179	341	(2,508)	234	94,488
28,749	—	—	—	28,749
(16,108)	—	—	—	(16,108)
—	—	—	—	3,349
—	—	—	—	525
—	—	—	—	3,243
(104,030)	—	(1,841)	—	(106,708)
(91,389)	0	(1,841)	0	(86,950)
4,839	—	—	—	4,839
1,344	—	—	—	1,344
(5,078)	(158)	—	—	(5,236)
(6,219)	(501)	—	(34)	(6,754)
(3,671)	(60)	—	—	(3,731)
(8,785)	(719)	0	(34)	(9,538)
—	—	—	(86)	(86)
—	—	(32)	(3)	172
—	—	—	—	3,557
—	—	—	—	79
—	—	—	—	(16,150)
0	0	(32)	(89)	(12,428)
5	(378)	(4,381)	111	(14,428)
151	1,090	7,036	846	66,270
$ 156	$ 712	$ 2,655	$ 957	$ 51,842

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (1,887)	$ 808	$ (185)	$ —
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Pension Expense Accrual	—	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	—	1	—	—
Notes/Accrued Interest Receivables	(2,820)	793	—	—
Inventories	(381)	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	(91)	(19)	120	—
Unearned Revenue/Deposits	(97)	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (5,276)	$ 1,583	$ (65)	$ 0
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (106)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (106)

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 106,822	$ 21	$ (2,895)	$ 32	$ 102,716
3,167	325	35	12	3,539
(265)	(305)	12	(33)	(591)
(385)	453	3,521	96	3,686
—	—	—	—	(2,027)
(5,624)	275	—	3	(5,727)
1	18	—	—	19
(3,564)	(439)	(3,016)	124	(6,885)
27	(7)	(165)	—	(242)
$ 100,179	$ 341	$ (2,508)	$ 234	$ 94,488
$ —	$ —	$ —	$ —	$ (106)
$ 0	$ 0	$ 0	$ 0	$ (106)

Detail Schedule of Expenditures—Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
ALCOHOLIC BEVERAGE CONTROL				
Alcoholic Beverage Control Administration	$ 41,870	$ —	$ —	$ 41,870
ABC – Parents Empowered	2,312	—	—	2,312
Total Alcoholic Beverage Control	$ 44,182	$ 0	$ 0	$ 44,182

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 41,846	$ 24	$ —	$ —
2,186	—	—	126
$ 44,032	$ 24	$ 0	$ 126

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Internal Service Funds

Technology Services

This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

General Services

This fund manages cooperative purchasing contracts and provides purchasing card, printing and mailing services, and surplus property services to state agencies. This fund also provides central accounting services for the Department of Administrative Services and warehouse services for the Department of Natural Resources.

Fleet Operations

This fund provides motor pool, fuel network, and travel services to state agencies.

Risk Management

This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management

This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

Human Resource Management

This fund provides human resource and payroll services to state agencies.

Combining Statement Of Net Position
Internal Service Funds

June 30, 2016 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ —	$ 2,291	$ 63	$ 59,684
Receivables:				
Accounts, net	1,537	2,286	2,158	4
Due From Other Funds	20,994	2,232	3,157	718
Due From Component Units	—	15	22	7
Prepaid Items	2,411	—	—	651
Inventories	149	1,337	3,138	—
Total Current Assets	25,091	8,161	8,538	61,064
Noncurrent Assets:				
Prepaid Items	2,516	—	—	—
Other Assets	5	—	1	1
Capital Assets:				
Infrastructure	130	—	—	—
Buildings and Improvements	3,883	1,379	193	—
Machinery and Equipment	66,775	12,231	133,883	—
Intangible Assets–Software	12,943	1,215	206	655
Less Accumulated Depreciation	(73,197)	(10,131)	(58,818)	(624)
Total Capital Assets	10,534	4,694	75,464	31
Total Noncurrent Assets	13,055	4,694	75,465	32
Total Assets	$ 38,146	$ 12,855	$ 84,003	$ 61,096
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ 9	$ —	$ —
Deferred Outflows Relating to Pensions	18,096	1,278	462	798
Total Deferred Outflows of Resources	$ 18,096	$ 1,287	$ 462	$ 798
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 12,110	$ 2,260	$ 2,731	$ 190
Due To Other Funds	431	135	46	890
Due To Component Units	—	2	—	1
Interfund Loans Payable	11,618	802	15,091	—
Unearned Revenue	798	113	—	—
Policy Claims Liabilities	—	—	—	20,565
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	101	—	—
Total Current Liabilities	24,957	3,413	17,868	21,646
Noncurrent Liabilities:				
Interfund Loans Payable	2,769	3,773	20,205	—
Policy Claims Liabilities	—	—	—	27,527
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	147	—	—
Net Pension Liability	48,729	3,536	1,208	2,066
Total Noncurrent Liabilities	51,498	7,456	21,413	29,593
Total Liabilities	$ 76,455	$ 10,869	$ 39,281	$ 51,239
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 5,187	$ 374	$ 114	$ 222
Total Deferred Inflows of Resources	$ 5,187	$ 374	$ 114	$ 222
Net Position				
Net Investment in Capital Assets	$ 10,534	$ 4,451	$ 75,464	$ 31
Restricted for:				
Insurance Programs	—	—	—	6,530
Unrestricted (Deficit)	(35,934)	(1,552)	(30,394)	3,872
Total Net Position	$ (25,400)	$ 2,899	$ 45,070	$ 10,433

Property Management	Human Resource Management	Total
$ 5,609	$ 2,439	$ 70,086
46	—	6,031
375	291	27,767
357	—	401
34	—	3,096
—	—	4,624
6,421	2,730	112,005
305	—	2,821
—	2	9
—	—	130
—	—	5,455
616	54	213,559
120	42	15,181
(671)	(96)	(143,537)
65	0	90,788
370	2	93,618
$ 6,791	$ 2,732	$ 205,623
$ —	$ —	$ 9
1,552	2,340	24,526
$ 1,552	$ 2,340	$ 24,535
$ 2,174	$ 538	$ 20,003
63	368	1,933
—	—	3
—	—	27,511
—	—	911
—	—	20,565
34	—	34
—	—	101
2,271	906	71,061
—	—	26,747
—	—	27,527
305	—	305
—	—	147
4,229	6,230	65,998
4,534	6,230	120,724
$ 6,805	$ 7,136	$ 191,785
$ 449	$ 665	$ 7,011
$ 449	$ 665	$ 7,011
$ 65	$ —	$ 90,545
—	—	6,530
1,024	(2,729)	(65,713)
$ 1,089	$ (2,729)	$ 31,362

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position
Internal Service Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 116,041	$ 22,122	$ 52,395	$ 42,180
Miscellaneous	—	74	215	12
Total Operating Revenues	116,041	22,196	52,610	42,192
OPERATING EXPENSES				
Administration	79,341	6,536	1,977	3,382
Materials and Services for Resale	14,260	11,363	22,590	23,095
Rentals and Leases	252	198	131	30
Maintenance	385	616	10,892	2
Depreciation/Amortization	5,760	1,394	11,414	161
Benefit Claims	—	—	—	17,003
Miscellaneous Other:				
Data Processing	11,299	248	490	341
Supplies	110	159	308	149
Utilities	364	53	104	24
Advertising and Other	2,371	1,145	1,879	664
Total Operating Expenses	114,142	21,712	49,785	44,851
Operating Income (Loss)	1,899	484	2,825	(2,659)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	406
Disposal of Capital Assets	—	10	(21)	—
Interest Expense	—	(10)	—	—
Refunds Paid to Federal Government	—	(113)	—	—
Other Revenues (Expenses)	16	(373)	324	278
Total Nonoperating Revenues (Expenses)	16	(486)	303	684
Income (Loss) before Transfers	1,915	(2)	3,128	(1,975)
Transfers In	5,500	—	1,221	—
Transfers Out	—	—	—	—
Change in Net Position	7,415	(2)	4,349	(1,975)
Net Position – Beginning	(32,815)	2,901	40,721	12,408
Net Position – Ending	$ (25,400)	$ 2,899	$ 45,070	$ 10,433

Property Management	Human Resource Management	Total
$ 30,006	$ 11,932	$ 274,676
—	—	301
30,006	11,932	274,977
7,816	10,923	109,975
—	—	71,308
450	17	1,078
8,665	—	20,560
19	—	18,748
—	—	17,003
398	303	13,079
161	46	933
10,065	98	10,708
1,486	513	8,058
29,060	11,900	271,450
946	32	3,527
7	—	413
—	—	(11)
(13)	—	(23)
—	—	(113)
—	—	245
(6)	0	511
940	32	4,038
—	—	6,721
—	—	—
940	32	10,759
149	(2,761)	20,603
$ 1,089	$ (2,729)	$ 31,362

State of Utah

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Fees/Premiums	$ 1,799	$ 10,969	$ 15,305	$ 21,929
Receipts from State Customers	178,561	39,752	37,622	19,698
Payments to Suppliers/Claims/Grants	(93,906)	(38,531)	(15,207)	(33,530)
Payments for Employee Services and Benefits	(82,045)	(6,786)	(1,984)	(3,485)
Payments to State Suppliers and Grants	(9,366)	(4,543)	(23,509)	(6,627)
Net Cash Provided (Used) by Operating Activities	(4,957)	861	12,227	(2,015)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(521)	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Transfers In from Other Funds	5,500	—	150	—
Net Cash Provided (Used) by Noncapital Financing Activities	4,979	0	150	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	5,251	1,232	16,683	—
Repayments Under Interfund Loans	(39)	(418)	(16,659)	—
Proceeds from Disposition of Capital Assets	1	21	2,887	—
Federal Grants and Other Revenues	16	—	324	—
Principal Paid on Debt and Contract Maturities	—	(81)	—	—
Acquisition and Construction of Capital Assets	(5,251)	(2,327)	(16,683)	(20)
Interest Paid on Bonds, Notes, and Capital Leases	—	(6)	—	—
Transfers In from Other Funds	—	—	1,071	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(22)	(1,579)	(12,377)	(20)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	406
Net Cash Provided (Used) by Investing Activities	0	0	0	406
Net Cash Provided (Used) – All Activities	0	(718)	0	(1,629)
Cash and Cash Equivalents – Beginning	—	3,009	63	61,313
Cash and Cash Equivalents – Ending	$ 0	$ 2,291	$ 63	$ 59,684

Property Management	Human Resource Management	Total
$ 1,198	$ 220	$ 51,420
29,374	11,421	316,428
(20,074)	(105)	(201,353)
(8,016)	(11,217)	(113,533)
(1,083)	(1,005)	(46,133)
1,399	(686)	6,829
—	—	(521)
(31)	—	(31)
(13)	—	(13)
—	—	5,650
(44)	0	5,085
—	—	23,166
—	—	(17,116)
—	—	2,909
—	—	340
—	—	(81)
(54)	—	(24,335)
—	—	(6)
—	—	1,071
(54)	0	(14,052)
7	—	413
7	0	413
1,308	(686)	(1,725)
4,301	3,125	71,811
$ 5,609	$ 2,439	$ 70,086

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 1,899	$ 484	$ 2,825	$ (2,659)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	5,760	1,394	11,414	161
Pension Expense Accrual	(1,231)	(136)	23	(43)
Miscellaneous Gains, Losses, and Other Items	—	(486)	—	278
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	1,761	(79)	317	(78)
Inventories	5	279	297	—
Prepaid Items/Other Assets	(1,331)	209	—	(651)
Accrued Liabilities/Due to Other Funds	(11,835)	(840)	(2,649)	(184)
Unearned Revenue/Deposits	15	36	—	—
Policy Claims Liabilities	—	—	—	1,161
Net Cash Provided (Used) by Operating Activities	$ (4,957)	$ 861	$ 12,227	$ (2,015)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (15)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (15)

Property Management	Human Resource Management	Total
$ 946	$ 32	$ 3,527
19	—	18,748
(117)	(132)	(1,636)
—	—	(208)
566	(291)	2,196
—	—	581
31	—	(1,742)
(46)	(295)	(15,849)
—	—	51
—	—	1,161
$ 1,399	$ (686)	$ 6,829
$ —	$ —	$ (15)
$ 0	$ 0	$ (15)

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Fiduciary Funds

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These trust funds account for the assets accumulated and the payments made for other postemployment benefits provided to current and future state employee and elected official retirees. Funding comes from employer contributions and investment earnings.

Other Employee Benefits Trust Funds

These trust funds are used to pay other employee benefits upon retirement or termination.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net position of the fund is held in trust for injured workers and cannot be used for any other purpose.

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases and provide revolving loan capital. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net position of this fund is held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds established to account for various receipts and disbursements.

Combining Statement Of Fiduciary Net Position
Pension And
Other Employee Benefit Trust Funds

June 30, 2016 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ASSETS				
Cash and Cash Equivalents	$ 1,743,358	$ 97,328	$ 241,732	$ 85,784
Receivables:				
Member Contributions	—	94	10	280
Employer Contributions	33,259	266	1,486	—
Court Fees and Fire Insurance Premiums	—	—	—	340
Investments	229,238	12,813	31,823	11,294
Total Receivables	262,497	13,173	33,319	11,914
Investments:				
Debt Securities	3,399,620	190,027	471,934	167,486
Equity Investments	7,299,702	408,028	1,013,339	359,627
Absolute Return	3,288,234	183,800	456,471	161,998
Private Equity	2,552,474	142,675	354,333	125,751
Real Assets	3,196,190	178,656	443,692	157,464
Invested Securities Lending Collateral	1,602,253	89,560	222,424	78,936
Total Investments	21,338,473	1,192,746	2,962,193	1,051,262
Capital Assets:				
Land	1,414	79	196	70
Buildings and Improvements	14,158	791	1,963	700
Machinery and Equipment	4,880	273	677	241
Less Accumulated Depreciation	(17,964)	(1,004)	(2,491)	(888)
Total Capital Assets	2,488	139	345	123
Total Assets	$ 23,346,816	$ 1,303,386	$ 3,237,589	$ 1,149,083
LIABILITIES				
Accounts Payable	$ 304,196	$ 16,876	$ 41,910	$ 14,874
Securities Lending Liability	1,602,253	89,560	222,424	78,936
Leave/Postemployment Benefits	11,974	669	1,662	590
Insurance Reserves	3,970	222	551	195
Real Estate Liabilities	231,986	12,968	32,203	11,429
Total Liabilities	$ 2,154,379	$ 120,295	$ 298,750	$ 106,024
NET POSITION				
Restricted for:				
Pension Benefits	$ 21,192,437	$ 1,183,091	$ 2,938,839	$ 1,043,059
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Position	$ 21,192,437	$ 1,183,091	$ 2,938,839	$ 1,043,059

Pension Trust				Defined Contribution Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans	Health Reimbursement Arrangement
$ 13,465	$ 853	$ 11,363	$ 1,234	$ 10,251	$ 351	$ 235	$ 23,411
—	—	—	—	—	—	—	—
—	112	2,475	107	—	—	—	—
130	—	—	—	—	—	—	—
1,773	112	1,496	162	84,981	9,770	—	—
1,903	224	3,971	269	84,981	9,770	0	0
26,288	1,662	22,182	2,407	1,428,541	151,112	57,120	—
56,446	3,570	47,630	5,168	2,336,417	278,856	76,240	—
25,427	1,608	21,455	2,328	—	—	—	—
19,737	1,248	16,655	1,807	—	—	—	—
24,715	1,563	20,855	2,263	131,067	14,700	5,412	—
12,390	784	10,454	1,134	—	—	—	—
165,003	10,435	139,231	15,107	3,896,025	444,668	138,772	0
11	1	9	1	—	—	—	—
107	6	91	11	—	—	—	—
38	1	32	4	—	—	—	—
(137)	(7)	(116)	(14)	—	—	—	—
19	1	16	2	0	0	0	0
$ 180,390	$ 11,513	$ 154,581	$ 16,612	$ 3,991,257	$ 454,789	$ 139,007	$ 23,411
$ 2,335	$ 569	$ 1,970	$ 214	$ 10,852	$ 432	$ 307	$ 137
12,390	784	10,454	1,134	—	—	—	—
92	6	78	8	—	—	—	—
31	2	26	3	—	—	—	—
1,795	113	1,514	164	—	—	—	—
$ 16,643	$ 1,474	$ 14,042	$ 1,523	$ 10,852	$ 432	$ 307	$ 137
$ 163,747	$ 10,039	$ 140,539	$ 15,089	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	3,980,405	454,357	138,700	23,274
$ 163,747	$ 10,039	$ 140,539	$ 15,089	$ 3,980,405	$ 454,357	$ 138,700	$ 23,274

Continues

Combining Statement Of Fiduciary Net Position
Pension And
Other Employee Benefit Trust Funds

Continued

June 30, 2016 (Expressed in Thousands)

	Post-Retirement Benefits Trust		Other Employee Benefits Trust	
	State Employee	Elected Official	Other Employee Benefits	Annual Leave
ASSETS				
Cash and Cash Equivalents	$ 8,917	$ 134	$ —	$ 1,887
Receivables:				
Member Contributions	—	—	—	—
Employer Contributions	22	—	—	—
Court Fees and Fire Insurance Premiums	—	—	—	—
Investments	—	—	—	—
Total Receivables	22	0	0	0
Investments:				
Debt Securities	158,042	4,580	8,047	—
Equity Investments	69,794	5,267	—	—
Absolute Return	—	—	—	—
Private Equity	—	—	—	—
Real Assets	—	—	—	—
Invested Securities Lending Collateral	—	—	—	—
Total Investments	227,836	9,847	8,047	0
Capital Assets:				
Land	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	—	—	—
Less Accumulated Depreciation	—	—	—	—
Total Capital Assets	0	0	0	0
Total Assets	$ 236,775	$ 9,981	$ 8,047	$ 1,887
LIABILITIES				
Accounts Payable	$ —	$ —	$ —	$ —
Securities Lending Liability	—	—	—	—
Leave/Postemployment Benefits	—	—	—	—
Insurance Reserves	—	—	—	—
Real Estate Liabilities	—	—	—	—
Total Liabilities	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Restricted for:				
Pension Benefits	$ —	$ —	$ —	$ —
Other Postemployment Benefits	236,775	9,981	—	—
Other Employee Benefits	—	—	8,047	1,887
Defined Contribution	—	—	—	—
Total Net Position	$ 236,775	$ 9,981	$ 8,047	$ 1,887

Total
$ 2,240,303
384
37,727
470
383,462
422,043
6,089,048
11,960,084
4,141,321
3,214,680
4,176,577
2,017,935
31,599,645
1,781
17,827
6,146
(22,621)
3,133
$ 34,265,124
$ 394,672
2,017,935
15,079
5,000
292,172
$ 2,724,858
$ 26,686,840
246,756
9,934
4,596,736
$ 31,540,266

State of Utah

Combining Statement Of Changes In Fiduciary Net Position
Pension And
Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ADDITIONS				
Contributions:				
Member	$ 17,020	$ 4,771	$ 905	$ 18,175
Employer	813,449	11,719	141,024	6,690
Court Fees and Fire Insurance Premiums	—	—	—	17,218
Total Contributions	830,469	16,490	141,929	42,083
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	38,208	2,213	5,276	1,869
Interest, Dividends, and Other Investment Income	364,237	21,106	50,307	17,810
Total Income From Investment Activity	402,445	23,319	55,583	19,679
Less Investment Expenses	(42,927)	(2,487)	(5,929)	(2,099)
Net Income from Investment Activity	359,518	20,832	49,654	17,580
Income from Security Lending Activity	8,310	481	1,149	407
Less Security Lending Expenses	(1,080)	(62)	(149)	(53)
Net Income from Security Lending Activity	7,230	419	1,000	354
Net Investment Income	366,748	21,251	50,654	17,934
Transfers From Affiliated Systems	33,648	—	4,023	2,573
Total Additions	1,230,865	37,741	196,606	62,590
DEDUCTIONS				
Retirement Benefits	943,591	67,510	127,285	39,340
Cost of Living Benefits	180,056	13,785	27,807	10,095
Supplemental Retirement Benefits	—	95	295	236
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	2,496	1,215	533	528
Administrative Expenses	8,797	478	1,233	371
Transfers To Affiliated Systems	—	41,558	—	—
Total Deductions	1,134,940	124,641	157,153	50,570
Change in Net Position Restricted for:				
Pension Benefits	95,925	(86,900)	39,453	12,020
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Position – Beginning	21,096,512	1,269,991	2,899,386	1,031,039
Adjustment to Beginning Net Position	—	—	—	—
Net Position – Beginning as Adjusted	21,096,512	1,269,991	2,899,386	1,031,039
Net Position – Ending	$ 21,192,437	$ 1,183,091	$ 2,938,839	$1,043,059

Pension Trust				Defined Contribution Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans	Health Reimbursement Arrangement
$ —	$ —	$ —	$ —	$ 271,097	$ 26,968	$ 31,279	$ —
6,555	421	49,645	6,221	—	—	—	6,318
1,653	—	—	—	—	—	—	—
8,208	421	49,645	6,221	271,097	26,968	31,279	6,318
296	19	237	21	10,513	226	23	35
2,823	180	1,913	197	3,494	403	—	—
3,119	199	2,150	218	14,007	629	23	35
(333)	(21)	(225)	(23)	(3,349)	(370)	(120)	—
2,786	178	1,925	195	10,658	259	(97)	35
64	4	44	5	—	—	—	—
(8)	(1)	(6)	(1)	—	—	—	—
56	3	38	4	0	0	0	0
2,842	181	1,963	199	10,658	259	(97)	35
1,334	—	3	—	—	—	—	—
12,384	602	51,611	6,420	281,755	27,227	31,182	6,353
10,252	731	333	30	—	—	—	—
2,148	173	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	251,436	23,082	10,929	2,924
71	5	30	3	6,665	762	217	35
—	20	—	3	—	—	—	—
12,471	929	363	36	258,101	23,844	11,146	2,959
(87)	(327)	51,248	6,384	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	23,654	3,383	20,036	3,394
163,834	10,366	89,291	8,705	3,956,751	450,974	118,664	19,880
—	—	—	—	—	—	—	—
163,834	10,366	89,291	8,705	3,956,751	450,974	118,664	19,880
$ 163,747	$ 10,039	$ 140,539	$ 15,089	$ 3,980,405	$ 454,357	$ 138,700	$ 23,274

Continues

Combining Statement Of Changes In Fiduciary Net Position
Pension And
Other Employee Benefit Trust Funds

Continued

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Post-Retirement Benefits Trust		Other Employee Benefits Trust	
	State Employee	Elected Official	Other Employee Benefits	Annual Leave
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ —
Employer	35,683	1,388	11,310	9,781
Court Fees and Fire Insurance Premiums	—	—	—	—
Total Contributions	35,683	1,388	11,310	9,781
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	8,498	217	279	—
Interest, Dividends, and Other Investment Income	93	3	—	10
Total Income From Investment Activity	8,591	220	279	10
Less Investment Expenses	—	—	—	—
Net Income from Investment Activity	8,591	220	279	10
Income from Security Lending Activity	—	—	—	—
Less Security Lending Expenses	—	—	—	—
Net Income from Security Lending Activity	0	0	0	0
Net Investment Income	8,591	220	279	10
Transfers From Affiliated Systems	7,792	—	—	—
Total Additions	52,066	1,608	11,589	9,791
DEDUCTIONS				
Retirement Benefits	—	—	—	—
Cost of Living Benefits	—	—	—	—
Supplemental Retirement Benefits	—	—	—	—
Retiree Healthcare Benefits	25,597	279	—	—
Refunds/Plan Distributions	—	—	11,558	7,337
Administrative Expenses	—	—	—	—
Transfers To Affiliated Systems	—	—	7,792	—
Total Deductions	25,597	279	19,350	7,337
Change in Net Position Restricted for:				
Pension Benefits	—	—	—	—
Other Postemployment Benefits	26,469	1,329	—	—
Other Employee Benefits	—	—	(7,761)	2,454
Defined Contribution	—	—	—	—
Net Position – Beginning	210,306	8,652	16,267	—
Adjustment to Beginning Net Position	—	—	(459)	(567)
Net Position – Beginning as Adjusted	210,306	8,652	15,808	(567)
Net Position – Ending	$ 236,775	$ 9,981	$ 8,047	$ 1,887

Total
$ 370,215
1,100,204
18,871
1,489,290
67,930
462,576
530,506
(57,883)
472,623
10,464
(1,360)
9,104
481,727
49,373
2,020,390
1,189,072
234,064
626
25,876
312,038
18,667
49,373
1,829,716
117,716
27,798
(5,307)
50,467
31,350,618
(1,026)
31,349,592
$ 31,540,266

Combining Statement Of Fiduciary Net Position
Private Purpose Trust Funds

June 30, 2016 (Expressed in Thousands)

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 1,873	$ —	$ 960	$ 362
Receivables:				
Accounts	47	—	5,056	28
Accrued Interest	—	—	—	1
Accrued Assessments	—	—	5,374	—
Loans	—	—	—	1,064
Due From Other Funds	638	—	7	—
Investments:				
Debt Securities	61,071	72,095	169,510	20,642
Equity Investments	—		7,000	—
Total Investments	61,071	72,095	176,510	20,642
Other Assets	101	4,758	—	—
Capital Assets:				
Land	271	—	—	—
Buildings and Improvements	10,715	—	—	—
Machinery and Equipment	321	—	—	—
Less Accumulated Depreciation	(4,106)	—	—	—
Total Capital Assets	7,201	0	0	0
Total Assets	$ 70,931	$ 76,853	$ 187,907	$ 22,097
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Accounts Payable	$ 309	$ 106	$ 435	$ 279
Due To Other Funds	35	—	62	2
Unearned Revenue	—	—	—	481
Policy Claims Liabilities	—	—	193,540	24,809
Net Pension Obligation	—	—	—	—
Total Liabilities	$ 344	$ 106	$ 194,037	$ 25,571
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Restricted for:				
Individuals, Organizations, and Other Governments	$ 70,587	$ 76,747	$ (6,130)	$ (3,474)
Total Net Position	$ 70,587	$ 76,747	$ (6,130)	$ (3,474)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 4,693	$ 13,647	$ 21,535
—	—	5,131
—	—	1
—	—	5,374
—	—	1,064
—	—	645
2,438,217	9,242	2,770,777
6,744,077	—	6,751,077
9,182,294	9,242	9,521,854
—	—	4,859
—	—	271
—	—	10,715
1,929	—	2,250
(1,522)	—	(5,628)
407	0	7,608
$ 9,187,394	$ 22,889	$ 9,568,071
$ 282	$ 0	$ 282
$ 951	$ 1,550	$ 3,630
—	—	99
—	—	481
—	—	218,349
621	—	621
$ 1,572	$ 1,550	$ 223,180
$ 90	$ 0	$ 90
$ 9,186,014	$ 21,339	$ 9,345,083
$ 9,186,014	$ 21,339	$ 9,345,083

Combining Statement Of Changes In Fiduciary Net Position
Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ —
Total Contributions	0	0	0	0
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	(11)	230	5,207	—
Interest, Dividends, and Other Investment Income	441	579	121	151
Total Income From Investment Activity	430	809	5,328	151
Other Additions:				
Escheats	—	26,765	—	—
Royalties and Rents	3,552	—	—	—
Fees, Assessments, and Revenues	1,700	—	25,014	6,917
Court Settlement / Miscellaneous	4	—	637	75
Total Other	5,256	26,765	25,651	6,992
Total Additions	5,686	27,574	30,979	7,143
DEDUCTIONS				
Trust Operating Expenses	1,655	—	—	5,591
Distributions and Benefit Payments	489	21,461	4,420	—
Administrative and General Expenses	1,356	2,177	2,612	2,404
Total Deductions	3,500	23,638	7,032	7,995
Change in Net Position Restricted for:				
Individuals, Organizations, and Other Governments	2,186	3,936	23,947	(852)
Net Position – Beginning	68,401	72,811	(30,077)	(2,622)
Adjustment to Beginning Net Position	—	—	—	—
Net Position – Beginning as Adjusted	68,401	72,811	(30,077)	(2,622)
Net Position – Ending	$ 70,587	$ 76,747	$ (6,130)	$ (3,474)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 1,026,353	$ 7,701	$ 1,034,054
1,026,353	7,701	1,034,054
(65,571)	—	(60,145)
176,781	74	178,147
111,210	74	118,002
—	—	26,765
—	—	3,552
—	27,110	60,741
—	6,396	7,112
0	33,506	98,170
1,137,563	41,281	1,250,226
—	27,009	34,255
343,267	8,621	378,258
9,833	1,222	19,604
353,100	36,852	432,117
784,463	4,429	818,109
8,401,551	17,824	8,527,888
—	(914)	(914)
8,401,551	16,910	8,526,974
$ 9,186,014	$ 21,339	$ 9,345,083

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 10,026	$ 144,482	$ 732	$ 30,533	$ 185,773
Accounts Receivable	—	67	—	15,901	15,968
Due From Other Funds	—	—	—	339	339
Investments:					
Debt Securities	—	138	—	461	599
Other Assets	—	—	35,515	16,730	52,245
Total Assets	$ 10,026	$ 144,687	$ 36,247	$ 63,964	$ 254,924
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 10,026	$ 144,687	$ 36,247	$ 63,964	$ 254,924
Total Liabilities	$ 10,026	$ 144,687	$ 36,247	$ 63,964	$ 254,924

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 58	$ 254,498	$ 244,530	$ 10,026
Total Assets	$ 58	$ 254,498	$ 244,530	$ 10,026
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 58	$ 264,466	$ 254,498	$ 10,026
Total Liabilities	$ 58	$ 264,466	$ 254,498	$ 10,026
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 134,490	$ 1,619,982	$ 1,609,990	$ 144,482
Investments	145	2,901	2,908	138
Receivables:				
Accounts Receivable	6,883	67	6,883	67
Total Assets	$ 141,518	$ 1,622,950	$ 1,619,781	$ 144,687
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 141,518	$ 1,679,900	$ 1,676,731	$ 144,687
Total Liabilities	$ 141,518	$ 1,679,900	$ 1,676,731	$ 144,687
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 1,778	$ 6,666	$ 7,712	$ 732
Other Assets	30,954	47,887	43,326	35,515
Total Assets	$ 32,732	$ 54,553	$ 51,038	$ 36,247
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 32,732	$ 62,526	$ 59,011	$ 36,247
Total Liabilities	$ 32,732	$ 62,526	$ 59,011	$ 36,247
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 38,055	$ 724,214	$ 731,736	$ 30,533
Investments	480	318	337	461
Receivables:				
Accounts Receivable	13,992	2,277	368	15,901
Due From Other Funds	335	339	335	339
Other Assets	13,322	3,408	—	16,730
Total Assets	$ 66,184	$ 730,556	$ 732,776	$ 63,964
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 66,184	$ 562,267	$ 564,487	$ 63,964
Total Liabilities	$ 66,184	$ 562,267	$ 564,487	$ 63,964
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 174,381	$ 2,605,360	$ 2,593,968	$ 185,773
Investments	625	3,219	3,245	599
Receivables:				
Accounts Receivable	20,875	2,344	7,251	15,968
Due From Other Funds	335	339	335	339
Other Assets	44,276	51,295	43,326	52,245
Total Assets	$ 240,492	$ 2,662,557	$ 2,648,125	$ 254,924
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 240,492	$ 2,569,159	$ 2,554,727	$ 254,924
Total Liabilities	$ 240,492	$ 2,569,159	$ 2,554,727	$ 254,924

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Nonmajor Component Units

Utah Communications Authority

The Utah Communications Authority (UCA) provides public safety communications services and facilities on a statewide basis for the benefit and use of state, local, and federal agencies. UCA supports statewide interoperability of emergency communications throughout the State, and manages the 911 funds collected by the State for the benefit of the Public Safety Answering Points within the State. UCA operations are funded through service charges supplemented with federal grants and state fees and appropriations.

Utah Schools for the Deaf and the Blind

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University | *Southern Utah University* | *Salt Lake Community College* | *Utah Valley University*
Dixie State University | *Snow College* | *Utah College of Applied Technology*

Combining Statement Of Net Position
Nonmajor Component Units

June 30, 2016 (Expressed in Thousands)

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 19,070	$ 5,019	$ 1,151	$ 119	$ 498
Investments	—	—	—	—	—
Receivables:					
Accounts, net	2,707	311	97	39	17
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	697	—	—	—
Prepaid Items	83	—	—	—	68
Inventories	86	—	—	8	—
Other Assets	—	—	747	—	—
Total Current Assets	21,946	6,027	1,995	166	583
Noncurrent Assets:					
Restricted Investments	—	—	21,500	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	242	—	—	1	2
Capital Assets (net of Accumulated Depreciation)	16,165	13,137	5,208	2,713	412
Total Noncurrent Assets	16,407	13,137	26,708	2,714	414
Total Assets	$ 38,353	$ 19,164	$ 28,703	$ 2,880	$ 997
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	180	4,607	23	33	124
Total Deferred Outflows of Resources	$ 180	$ 4,607	$ 23	$ 33	$ 124
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 424	$ 1,248	$ 281	$ 35	$ 355
Deposits	—	—	—	—	—
Due To Primary Government	—	241	—	22	—
Unearned Revenue	353	32	—	—	38
Current Portion of Long-term Liabilities	311	—	109	83	—
Total Current Liabilities	1,088	1,521	390	140	393
Noncurrent Liabilities:					
Unearned Revenue	504	—	—	—	—
Net Pension Liability	869	10,559	106	154	376
Long-term Liabilities	1,874	—	3,790	627	—
Total Noncurrent Liabilities	3,247	10,559	3,896	781	376
Total Liabilities	$ 4,335	$ 12,080	$ 4,286	$ 921	$ 769
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Relating to Pensions	$ 81	$ 1,143	$ 13	$ 15	$ 39
Total Deferred Inflows of Resources	$ 81	$ 1,143	$ 13	$ 15	$ 39
NET POSITION					
Net Investment in Capital Assets	$ 14,724	$ 13,137	$ 1,406	$ 2,011	$ 412
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	—	—	22,185	—	16
Unrestricted (Deficit)	19,393	(2,589)	836	(34)	(115)
Total Net Position	$ 34,117	$ 10,548	$ 24,427	$ 1,977	$ 313

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 57,359	$ 23,309	$ 31,084	$ 113,203	$ 26,593	$ 4,411	$ 22,916	$ 304,732
15,367	11,301	46,183	10,500	3,900	1,541	1,481	90,273
9,478	12,571	7,729	5,805	1,476	1,151	3,708	45,089
4,120	419	514	254	426	18	1	5,752
110	—	—	—	—	—	—	110
—	—	—	—	—	—	—	697
975	5,084	113	706	126	112	218	7,485
4,752	988	1,496	2,733	998	325	1,986	13,372
389	—	—	—	—	—	—	1,136
92,550	53,672	87,119	133,201	33,519	7,558	30,310	468,646
12,215	8,773	834	4,224	23,802	9,725	—	81,073
4,081	17,329	—	5,809	1,265	403	—	28,887
144,398	42,214	56,230	69,707	19,393	9,874	996	342,812
12,322	—	3,248	27,119	858	52	663	44,262
1	1,380	179	3,208	104	1	4	5,122
343,195	137,525	228,972	368,700	130,812	93,060	175,087	1,514,986
516,212	207,221	289,463	478,767	176,234	113,115	176,750	2,017,142
$ 608,762	$ 260,893	$ 376,582	$ 611,968	$ 209,753	$ 120,673	$ 207,060	$ 2,485,788
$ 611	$ 711	$ —	$ 293	$ —	$ —	$ —	$ 1,615
7,429	4,490	8,490	11,665	727	517	2,352	40,637
$ 8,040	$ 5,201	$ 8,490	$ 11,958	$ 727	$ 517	$ 2,352	$ 42,252
$ 4,375	$ 7,816	$ 12,514	$ 13,815	$ 1,410	$ 2,197	$ 3,963	$ 48,433
—	766	424	691	281	531	20	2,713
3,623	4,007	—	836	7,443	19	269	16,460
7,659	7,128	7,451	9,031	899	412	1,659	34,662
5,682	3,648	4,834	6,408	2,590	1,239	2,011	26,915
21,339	23,365	25,223	30,781	12,623	4,398	7,922	129,183
—	—	—	474	—	—	—	978
18,640	11,926	19,161	27,208	4,921	3,413	15,598	112,931
57,175	16,869	3,969	63,764	33,746	16,298	18,895	217,007
75,815	28,795	23,130	91,446	38,667	19,711	34,493	330,916
$ 97,154	$ 52,160	$ 48,353	$ 122,227	$ 51,290	$ 24,109	$ 42,415	$ 460,099
$ 1,761	$ 1,175	$ 1,831	$ 2,564	$ 470	$ 318	$ 1,463	$ 10,873
$ 1,761	$ 1,175	$ 1,831	$ 2,564	$ 470	$ 318	$ 1,463	$ 10,873
$ 288,218	$ 120,943	$ 228,972	$ 303,755	$ 118,477	$ 76,639	$ 157,047	$ 1,325,741
84,196	19,458	5,002	22,397	21,906	5,477	1,844	160,280
60,894	27,613	11,392	62,049	4,264	3,538	1,806	171,556
—	—	—	—	—	1,842	—	24,043
84,579	44,745	89,522	110,934	14,073	9,267	4,837	375,448
$ 517,887	$ 212,759	$ 334,888	$ 499,135	$ 158,720	$ 96,763	$ 165,534	$ 2,057,068

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
Expenses	$ 11,196	$ 33,378	$ 4,067	$ 1,521	$ 4,125
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	12,071	7,062	3,422	1,477	3,568
Operating Grants and Contributions	14	1,738	—	297	—
Capital Grants and Contributions	—	19	25,296	—	—
Total Program Revenues	12,085	8,819	28,718	1,774	3,568
Net (Expenses) Revenues	889	(24,559)	24,651	253	(557)
General Revenues:					
State Appropriations	9,200	26,068	—	—	675
Unrestricted Investment Income	—	5	6	—	—
Gain (Loss) on Sale of Capital Assets	(889)	(439)	—	—	—
Miscellaneous	—	—	—	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues and Contributions	8,311	25,634	6	0	675
Change in Net Position	9,200	1,075	24,657	253	118
Net Position – Beginning	24,917	9,473	(230)	1,724	510
Adjustment to Beginning Net Position	—	—	—	—	(315)
Net Position – Beginning as Adjusted	24,917	9,473	(230)	1,724	195
Net Position – Ending	$ 34,117	$ 10,548	$ 24,427	$ 1,977	$ 313

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 228,589	$ 149,628	$ 211,802	$ 307,368	$ 99,819	$ 50,077	$ 100,692	$ 1,202,262
113,064	85,567	79,608	167,568	42,594	14,585	13,654	516,640
(30,787)	(24,334)	(17,541)	(41,492)	(10,157)	(6,044)	(2,973)	(133,328)
22,620	19,514	13,648	22,195	9,152	4,977	10,373	130,079
44,895	30,850	45,270	82,856	20,253	9,896	14,771	250,840
64,243	8,027	430	1,289	1,975	3,000	22,756	127,035
214,035	119,624	121,415	232,416	63,817	26,414	58,581	891,266
(14,554)	(30,004)	(90,387)	(74,952)	(36,002)	(23,663)	(42,111)	(310,996)
77,274	35,219	97,957	102,596	31,955	24,258	63,479	468,681
—	—	—	—	—	—	—	11
—	—	—	—	—	—	—	(1,328)
—	—	—	—	—	—	165	165
2,302	845	—	1,315	2,650	52	—	7,164
79,576	36,064	97,957	103,911	34,605	24,310	63,644	474,693
65,022	6,060	7,570	28,959	(1,397)	647	21,533	163,697
452,865	206,699	327,318	470,176	160,117	96,116	144,001	1,893,686
—	—	—	—	—	—	—	(315)
452,865	206,699	327,318	470,176	160,117	96,116	144,001	1,893,371
$ 517,887	$ 212,759	$ 334,888	$ 499,135	$ 158,720	$ 96,763	$ 165,534	$ 2,057,068

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STATISTICAL SECTION

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STATISTICAL SECTION

Fiscal Year Ended June 30, 2016

This section of the State of Utah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

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Schedule A–3	Fund Balances — Governmental Funds	244
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Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

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Schedule B–3	Revenue Payers — Personal Income Tax	251
Schedule B–4	Personal Income Tax Rates	252

Debt Capacity Information

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

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Schedule D–4	Public Education Student Enrollment (K–12)	266
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Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

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Schedule E–2	Operating Indicators by Function	270
Schedule E–3	Capital Asset Statistics by Function	272

Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.

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Schedule F–2	Per Capita Expenditures — Historical and Constant Dollars	275

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

State of Utah

Net Position by Component
Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Governmental Activities				
Net Investment in Capital Assets	$ 9,465,667	$ 10,447,357	$ 11,306,077	$ 12,005,321
Restricted [1]	3,043,599	2,618,556	2,349,499	2,009,168
Unrestricted [1]	1,163,548	1,169,342	689,052	895,517
Total Governmental Activities Net Position	13,672,814	14,235,255	14,344,628	14,910,006
Business-type Activities				
Net Investment in Capital Assets	13,008	13,837	13,751	13,061
Restricted [2]	1,334,737	1,434,828	1,269,006	1,272,090
Unrestricted [3]	971,435	1,037,893	1,080,231	937,452
Total Business-type Activities Net Position	2,319,180	2,486,558	2,362,988	2,222,603
Primary Government				
Net Investment in Capital Assets	9,478,675	10,461,194	11,319,828	12,018,382
Restricted	4,378,336	4,053,384	3,618,505	3,281,258
Unrestricted	2,134,983	2,207,235	1,769,283	1,832,969
Total Primary Government Net Position	$ 15,991,994	$ 16,721,813	$ 16,707,616	$ 17,132,609

Notes: This schedule has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal years 2008 to 2010, governmental activities' restricted net position decreased as the economy slowed and tax revenues declined. In fiscal years 2011 to 2013 restricted net position increased due to slightly higher revenues from a strengthening economy. In fiscal year 2014 restricted net position increased primarily due to an increase in investment values because of general market conditions. In fiscal year 2014, governmental activities' unrestricted net position increased due to an increase in carry-forward balances. In fiscal year 2015, governmental activities' restricted net position increased due to higher tax revenues from an improving economy and an increase in investment values because of general market conditions. In fiscal year 2015, unrestricted net position decreased due to the implementation of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions* that required the measurement and recognition of the State's net pension liability.

[2] From fiscal years 2007 to 2008, business-type activities' restricted net position increased due to unemployment revenues exceeding related claims. In fiscal year 2009, the weak economy caused an increase in unemployment claims, which in turn caused a decrease in the restricted net position of business-type activities. From 2010 to 2016, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

[3] In fiscal years 2007 to 2009, and again in 2012 to 2014, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from mineral lease revenue and dedicated sales tax revenues.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 12,358,579	$ 12,773,959	$ 13,481,005	$ 14,025,472	$ 14,789,631	$ 15,478,397
2,337,607	2,601,082	3,120,501	3,600,039	3,877,468	3,849,854
1,055,226	1,083,417	1,305,793	1,496,537	888,526	1,011,204
15,751,412	16,458,458	17,907,299	19,122,048	19,555,625	20,339,455
12,862	13,293	14,012	14,198	16,740	20,384
1,311,865	1,463,006	1,616,819	1,734,512	1,975,859	2,065,552
984,552	1,053,270	1,094,041	1,231,623	1,157,416	1,169,162
2,309,279	2,529,569	2,724,872	2,980,333	3,150,015	3,255,098
12,371,441	12,787,252	13,495,017	14,039,670	14,806,371	15,498,781
3,649,472	4,064,088	4,737,320	5,334,551	5,853,327	5,915,406
2,039,778	2,136,687	2,399,834	2,728,160	2,045,942	2,180,366
$ 18,060,691	$ 18,988,027	$ 20,632,171	$ 22,102,381	$ 22,705,640	$ 23,594,553

State of Utah

Changes in Net Position
Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 328,779	$ 385,331	$ 390,373	$ 383,925
Human Services and Juvenile Justice Services	634,265	679,920	700,307	669,169
Corrections	237,305	255,319	254,980	238,902
Public Safety	172,912	191,910	189,069	184,197
Courts	115,811	125,587	123,209	118,577
Health and Environmental Quality [1]	1,620,936	1,649,209	1,812,067	1,875,775
Higher Education	824,503	912,998	997,218	837,479
Employment and Family Services	393,938	423,122	514,915	672,852
Natural Resources	174,711	159,955	174,730	166,749
Heritage and Arts [2]	108,110	132,687	139,840	177,823
Business, Labor and Agriculture	92,441	95,563	101,995	96,895
Public Education [3]	2,548,391	2,959,311	3,033,574	3,007,905
Transportation	658,759	782,194	785,692	704,886
Interest and Other Charges on Long-Term Debt	64,019	58,851	52,070	87,393
Total Expenses	7,974,880	8,811,957	9,270,039	9,222,527
Program Revenues				
Charges for Services:				
General Government	156,111	257,537	154,794	169,808
Human Services and Juvenile Justice Services	10,889	10,840	13,359	12,851
Corrections	4,624	5,332	5,211	6,520
Public Safety	43,806	49,247	51,475	53,504
Courts	46,158	46,517	48,957	77,953
Health and Environmental Quality	84,938	65,666	64,328	88,504
Higher Education	235	31	32,981	419
Employment and Family Services	3,532	7,413	8,067	(2,715)
Natural Resources	45,367	64,407	71,266	70,780
Heritage and Arts	4,833	5,278	3,632	5,030
Business, Labor and Agriculture	63,240	68,622	65,376	74,400
Public Education	69,471	100,919	79,462	73,962
Transportation	155,203	183,369	254,064	275,154
Operating Grants and Contributions	2,769,644	2,658,284	3,177,737	3,865,150
Capital Grants and Contributions	122,939	144,867	145,353	204,237
Total Program Revenues	3,580,990	3,668,329	4,176,062	4,975,557
Net Program (Expense) — Governmental Activities	(4,393,890)	(5,143,628)	(5,093,977)	(4,246,970)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax [4]	2,131,958	2,006,926	1,762,745	1,735,023
Individual Income Tax Imposed for Education [4]	2,667,207	2,435,059	2,336,528	2,027,884
Corporate Tax Imposed for Education [4]	412,720	409,794	252,095	272,535
Motor and Special Fuel Taxes Imposed for Transportation	353,107	350,426	337,395	340,568
Other Taxes	320,204	333,545	354,982	328,703
Investment Income	89,795	63,947	29,267	5,575
Gain on Sale of Capital Assets	52,139	26,980	15,583	10,927
Miscellaneous	37,569	41,659	46,375	35,288
Special Item:				
Comprehensive Health Insurance Pool Transfer	—	—	—	—
Transfers–Internal Activities	46,778	37,733	38,953	55,845
Prior Period Adjustments and Restatements	—	—	28,447	—
Total General Revenues and Other Changes in Net Position	6,111,477	5,706,069	5,202,370	4,812,348
Change in Net Position — Governmental Activities – Increase (Decrease)	1,717,587	562,441	108,393	565,378

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 402,543	$ 420,612	$ 406,065	$ 417,067	$ 442,340	457,564
648,456	646,565	671,831	690,117	718,731	765,027
243,616	249,569	255,679	268,346	273,695	282,538
204,627	241,101	254,503	243,783	231,250	245,598
123,604	123,405	124,660	128,877	129,951	142,913
2,001,233	2,145,929	2,259,695	2,410,760	2,503,794	2,600,928
828,660	1,115,301	884,775	908,795	1,004,382	1,137,364
707,019	712,388	786,221	693,789	724,477	710,018
187,164	157,145	178,670	189,641	194,026	198,190
159,755	154,759	21,147	22,447	23,207	27,048
94,397	100,385	99,655	105,987	100,566	112,809
3,058,046	3,000,117	3,096,089	3,202,327	3,338,653	3,554,337
721,240	738,877	836,488	847,752	797,392	825,923
104,887	121,192	112,994	110,034	98,442	93,598
9,485,247	9,927,345	9,988,472	10,239,722	10,580,906	11,153,855
140,794	178,354	182,731	148,213	181,907	166,386
12,140	11,905	18,204	12,529	11,744	10,725
5,988	4,715	4,743	5,463	5,106	3,836
55,394	57,257	61,543	63,831	60,528	61,395
57,959	56,148	53,900	52,390	54,615	51,868
150,763	230,318	268,753	289,198	313,376	325,024
90	194	—	—	—	—
10,476	11,802	16,602	12,659	7,440	8,082
73,645	79,577	85,685	91,967	88,304	90,561
5,804	3,148	2,316	2,696	2,524	3,443
67,582	83,758	86,962	89,426	89,722	94,924
71,757	80,425	82,676	110,564	75,123	89,269
254,682	339,488	249,288	253,094	243,301	207,554
4,079,907	3,704,709	3,802,274	3,954,581	3,717,276	3,632,735
109,669	157,564	114,156	100,481	114,490	87,942
5,096,650	4,999,362	5,029,833	5,187,092	4,965,456	4,833,744
(4,388,597)	(4,927,983)	(4,958,639)	(5,052,630)	(5,615,450)	(6,320,111)
1,812,271	1,931,045	2,090,841	2,121,518	2,206,633	2,300,368
2,384,025	2,525,082	2,969,128	2,918,991	3,280,568	3,435,425
226,726	284,666	331,080	321,424	369,747	340,539
355,042	351,346	351,553	359,822	370,974	425,366
397,908	415,190	399,788	431,901	386,228	354,800
7,480	8,464	6,726	8,829	7,804	9,365
19,727	17,294	30,580	20,012	28,131	27,048
35,403	58,851	46,884	40,577	94,616	82,882
—	—	—	—	16,288	—
47,431	43,091	76,231	44,305	109,028	128,148
(56,010)	—	104,669	—	1,940	—
5,230,003	5,635,029	6,407,480	6,267,379	6,871,957	7,103,941
841,406	707,046	1,448,841	1,214,749	1,256,507	783,830

Continues

State of Utah

Changes in Net Position
Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 174,220	$ 164,411	$ 144,007	$ 156,754
Unemployment Compensation [5]	97,692	148,424	489,925	872,826
Water Loan Programs	13,042	10,477	12,900	31,971
Community and Economic Loan Programs	1,136	2,310	2,349	2,166
Liquor Retail Sales	143,721	160,635	168,844	180,401
Other Business-type Activities	31,404	33,417	35,635	30,886
Total Expenses	461,215	519,674	853,660	1,275,004
Program Revenues				
Charges for Services:				
Student Assistance Programs	126,498	117,246	89,805	109,804
Unemployment Compensation	219,690	157,624	144,383	170,224
Water Loan Programs	10,634	12,135	12,234	13,875
Community and Economic Loan Programs	5,876	6,524	7,838	9,033
Liquor Retail Sales	195,276	219,801	228,474	238,767
Other Business-type Activities	39,753	44,140	49,437	41,527
Operating Grants and Contributions [6] [7]	54,622	65,036	161,594	518,280
Total Program Revenues	652,349	622,506	693,765	1,101,510
Net Program Revenue (Expense) — Business-type Activities	191,134	102,832	(159,895)	(173,494)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax	25,440	23,462	22,976	22,206
Investment Income [7]	83,630	78,817	53,282	28,560
Miscellaneous	877	—	—	38,188
Transfers–Internal Activities	(46,778)	(37,733)	(38,953)	(55,845)
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	63,169	64,546	37,305	33,109
Change in Net Position — Business-type Activities – Increase (Decrease)	254,303	167,378	(122,590)	(140,385)
Total Primary Government Change in Net Position	$ 1,971,890	$ 729,819	$ (14,197)	$ 424,993

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] Expenses for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[2] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[3] Public education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

[4] In fiscal years 2008 to 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 to 2016, general tax revenues increased due to slightly higher revenues from a strengthening economy.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 93,422	$ 111,662	$ 99,379	$ 79,963	$ 111,437	154,247
642,023	436,880	307,444	233,403	177,105	182,516
38,069	19,045	12,828	13,778	18,276	14,913
1,770	2,604	2,420	8,603	2,967	5,253
190,373	201,976	213,395	225,948	242,933	260,755
33,796	47,341	75,361	54,983	36,720	37,849
999,453	819,508	710,827	616,678	589,438	655,533
71,966	66,312	63,727	59,784	88,188	123,218
296,847	380,533	384,114	357,059	295,851	240,709
10,584	13,710	13,464	12,329	406	902
10,583	11,843	11,152	10,051	5,562	3,208
252,225	272,363	293,978	313,444	338,039	364,482
44,230	33,555	39,010	40,832	38,892	34,968
403,847	262,035	168,514	75,568	48,482	46,118
1,090,282	1,040,351	973,959	869,067	815,420	813,605
90,829	220,843	263,132	252,389	225,982	158,072
21,819	24,264	25,891	27,304	28,384	29,841
17,169	14,727	16,636	20,073	41,421	45,318
4,290	3,547	425	—	—	—
(47,431)	(43,091)	(76,231)	(44,305)	(109,028)	(128,148)
—	—	(34,550)	—	(367)	—
(4,153)	(553)	(67,829)	3,072	(39,590)	(52,989)
86,676	220,290	195,303	255,461	186,392	105,083
$ 928,082	$ 927,336	$ 1,644,144	$ 1,470,210	$ 1,442,899	$ 888,913

[5] Beginning in fiscal year 2008 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years. In fiscal years 2011 to 2015, expenses decreased reflecting Utah's improving economy and employment.

[6] In fiscal years 2010 and 2011, operating grants and contributions increased overall from the preceding and subsequent years, primarily due to increased federal programs funded in part by the *American Recovery and Reinvestment Act* in the Unemployment Compensation Fund and additional operating grants issued for loan related programs.

[7] In fiscal year 2016, investment income for business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable accounting standards. Prior years have been restated.

Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable [1]	$ —	$ —	$ —	$ 2,861
Prepaid Items [1]	—	—	—	—
Inventories	—	—	—	411
Restricted	—	—	—	35,171
Committed	—	—	—	371,354
Assigned [2]	—	—	—	222,963
Unassigned	—	—	—	14,884
Total General Fund	0	0	0	647,644
All Other Governmental Funds				
Nonspendable:				
Inventories	$ —	$ —	$ —	$ 11,646
Permanent Fund Principal [3]	—	—	—	1,066,568
Restricted	—	—	—	1,333,776
Committed [4]	—	—	—	347,254
Assigned [5]	—	—	—	92,806
Total All Other Governmental Funds	0	0	0	2,852,050
Total Fund Balances — Governmental Funds	$ 0	$ 0	$ 0	$ 3,499,694
General Fund				
Reserved [6]	$ 411,600	$ 470,800	$ 305,224	$ —
Unreserved [7]	667,972	394,068	327,467	—
Total General Fund	1,079,572	864,868	632,691	0
All Other Governmental Funds				
Reserved	1,558,607	1,867,469	1,892,734	—
Unreserved reported in:				
Special Revenue Funds	1,473,424	975,035	807,356	—
Capital Projects [8]	(107,624)	57,027	(13,219)	—
Debt Service	17,801	20,801	5,210	—
Total All Other Governmental Funds	2,942,208	2,920,332	2,692,081	0
Total Fund Balances — Governmental Funds	$ 4,021,780	$ 3,785,200	$ 3,324,772	$ 0

Notes: Beginning fiscal year 2010, the fund balance categories were reclassified as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance has not been restated for prior years.

This schedule has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] Beginning in fiscal year 2013, the nonspendable fund balance within the General Fund increased due to prepaid items. Additionally, nonspendable fund balance within the General Fund also increased in fiscal year 2013 due to an increase in the long-term portion of revolving loans within the Internal Service Funds.

[2] In fiscal year 2016, the assigned fund balance within the General Fund decreased due to a reduction in the amount set aside for next year's budget.

[3] In fiscal years 2013 to 2015, the nonspendable fund balance within other governmental funds increased primarily due to a change in investment values as a result of the rebounding economy.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 10,134	$ 13,537	$ 44,360	$ 38,832	$ 26,996	$ 26,747
—	23,450	67,790	73,033	96,939	106,745
538	662	800	926	662	434
31,523	39,745	41,931	40,898	34,278	38,124
445,540	489,487	496,795	507,380	496,758	546,782
212,002	159,082	224,452	197,842	255,841	132,126
609	11,342	—	7,224	—	7,196
700,346	737,305	876,128	866,135	911,474	858,154
$ 10,523	$ 11,583	$ 11,980	$ 14,018	$ 13,605	$ 13,990
1,355,565	1,436,623	1,690,261	2,089,334	2,244,902	2,267,538
1,191,591	1,089,030	1,094,754	1,160,581	1,188,672	1,175,441
390,278	631,983	698,264	865,786	843,483	758,530
174,737	112,015	63,586	128,631	163,194	347,321
3,122,694	3,281,234	3,558,845	4,258,350	4,453,856	4,562,820
$ 3,823,040	$ 4,018,539	$ 4,434,973	$ 5,124,485	$ 5,365,330	$ 5,420,974
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
0	0	0	0	0	0
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
0	0	0	0	0	0
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

[4] In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal year 2016, the committed fund balance decreased as expenditures for transportation projects utilizing sales and use tax revenue increased.

[5] The assigned fund balance within other governmental funds increased in fiscal year 2011, then decreased in fiscal years 2012 and 2013 as less funding was assigned for capital projects. In fiscal years 2014 to 2016, the assigned fund balance increased again as more funding was used for capital projects.

[6] In fiscal year 2009, General Fund reserved fund balance decreased due to less reserves available as a result of the slowing economy.

[7] In fiscal years 2008 and 2009, General Fund unreserved fund balance decreased as the State's economy slowed. Sales and use tax diversions along with reductions in the sales tax rate also contributed to the decrease in tax revenues in the General Fund.

[8] In fiscal year 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital related projects. Appropriations and bond proceeds available in subsequent fiscal years will fund these deficits.

Changes in Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Revenues				
Sales and Use Tax [1]	$ 2,109,732	$ 2,031,239	$ 1,761,224	$ 1,733,412
Individual Income Tax [1]	2,589,252	2,560,394	2,340,400	2,124,173
Corporate Tax [1]	411,929	410,586	249,177	266,961
Motor and Special Fuels Tax [2]	366,446	357,664	337,529	341,196
Other Taxes	320,204	333,542	354,713	328,753
Federal Contracts and Grants [3]	2,480,016	2,574,585	3,207,110	3,713,771
Charges for Services/Royalties	412,411	468,451	463,248	463,436
Licenses, Permits, and Fees	120,349	121,882	128,212	179,947
Federal Mineral Lease [4]	145,985	134,404	172,642	129,377
Intergovernmental	23,332	12,884	9,446	28,659
Investment Income [5]	240,988	46,716	(132,523)	118,541
Miscellaneous and Other	261,617	373,047	382,614	356,004
Total Revenues	9,482,261	9,425,394	9,273,792	9,784,230
Expenditures				
General Government	268,775	319,389	325,076	313,981
Human Services and Juvenile Justice Services	627,598	677,234	701,099	667,192
Corrections	229,198	251,216	255,448	235,411
Public Safety	172,427	196,008	213,038	199,731
Courts	119,650	131,261	129,125	136,373
Health and Environmental Quality [6]	1,620,400	1,648,841	1,812,488	1,873,264
Higher Education–State Administration	49,064	64,587	60,224	52,084
Higher Education–Colleges and Universities	708,063	793,283	782,650	734,440
Employment and Family Services [7]	406,532	432,955	519,741	673,329
Natural Resources	171,014	174,120	178,306	161,640
Heritage and Arts [7]	108,592	132,413	140,453	178,258
Business, Labor, and Agriculture	91,162	96,072	101,966	96,579
Public Education [8]	2,547,421	2,960,873	3,035,519	3,002,318
Transportation [9] [10]	813,315	1,030,793	1,249,080	1,204,955
Capital Outlay [11]	560,108	566,955	607,794	1,007,219
Debt Service — Principal Retirement	159,862	193,292	180,613	189,041
Debt Service — Interest and Other Charges	75,149	139,883	64,675	113,876
Total Expenditures	8,728,330	9,809,175	10,357,295	10,839,691
Revenues Over (Under) Expenditures	753,931	(383,781)	(1,083,503)	(1,055,461)
Other Financing Sources (Uses)				
General Obligation Bonds Issued [11]	—	75,000	498,810	982,170
Revenue Bonds Issued	—	—	—	101,595
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	1,557	45,445	65,853
Payment to Refunded Bond Escrow Agent	—	—	—	—
Capital Leases/Contracts Issued	—	2,131	2,010	11,122
Sale of Capital Assets	47,193	30,824	28,035	13,966
Transfers In	3,721,041	4,550,400	3,606,534	929,044
Transfers Out	(3,674,615)	(4,512,711)	(3,557,759)	(873,367)
Special Item				
Comprehensive Health Insurance Pool Transfer [12]	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	—
Total Other Financing Sources (Uses)	93,619	147,201	623,075	1,230,383
Net Change in Fund Balances	$ 847,550	$ (236,580)	$ (460,428)	$ 174,922
Debt Service as a Percentage of Noncapital Expenditures	2.96 %	3.75 %	2.67 %	3.29 %

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal years 2009 to 2010, tax revenues decreased significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease. In fiscal years 2011 to 2016, tax revenues increased due to a rebounding economy.

[2] In fiscal year 2016, motor and special fuels tax increased due, in part, to a tax increase and also as a result of higher fuel consumption.

[3] In fiscal years 2009 and 2010, federal contracts and grants increased in part due to funding provided by the *American Recovery and Reinvestment Act* .

[4] In fiscal year 2016, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

[5] In fiscal year 2009, the decrease in the fair value of investments for the permanent fund created a negative revenue. In fiscal years 2013 and 2014, investment income increased due to an increase in the fair value of investments as the result of a rebounding economy. In fiscal years 2015 and 2016, investment income decreased due to a change in the fair value of investments.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 1,812,011	$ 1,934,035	$ 2,094,132	$ 2,121,249	$ 2,204,389	$ 2,302,886
2,332,562	2,518,373	2,865,195	2,916,015	3,211,476	3,393,087
230,888	285,541	329,726	322,748	366,543	340,175
352,918	353,299	351,197	359,176	371,412	425,343
397,248	414,744	400,111	432,178	386,066	355,229
3,626,354	3,561,512	3,489,515	3,463,045	3,478,563	3,573,699
528,568	625,831	677,119	706,125	682,288	630,300
188,998	183,630	185,976	188,653	194,648	199,748
135,979	183,739	138,122	158,193	138,635	69,245
18,537	34,407	32,704	7,211	12,620	11,264
274,797	46,133	221,139	353,653	133,092	34,168
332,722	393,010	305,267	327,880	384,968	388,295
10,231,582	10,534,254	11,090,203	11,356,126	11,564,700	11,723,439
316,440	356,752	362,845	374,134	386,059	412,204
646,411	645,418	669,091	692,277	723,663	766,186
238,090	245,829	251,118	266,246	272,053	290,217
207,426	239,453	255,727	271,716	266,586	263,417
128,676	127,066	129,693	132,886	137,901	146,510
2,008,356	2,141,835	2,252,166	2,434,410	2,517,513	2,622,797
48,836	49,359	51,901	48,920	56,935	79,567
718,026	721,074	735,438	781,998	875,610	915,432
703,786	706,181	781,178	703,441	730,972	708,184
189,430	153,698	178,330	184,465	190,378	196,188
160,338	155,575	22,428	24,231	24,041	27,826
93,149	99,689	99,828	105,915	101,331	111,186
3,059,351	2,999,706	3,097,161	3,202,007	3,340,290	3,556,897
946,692	1,064,449	951,277	902,788	903,700	835,111
1,236,168	973,206	524,582	380,930	499,705	523,937
223,952	266,300	309,268	329,659	319,739	348,576
142,452	168,047	154,472	150,101	135,994	118,805
11,067,579	11,113,637	10,826,503	10,986,124	11,482,470	11,923,040
(835,997)	(579,383)	263,700	370,002	82,230	(199,601)
1,034,970	609,920	33,240	226,175	—	—
—	5,250	1,900	—	—	93,625
196,610	—	22,612	—	221,765	—
94,689	92,558	8,346	24,656	47,562	4,405
(234,873)	—	(24,358)	—	(267,870)	—
—	—	2,824	—	—	5,100
20,256	22,158	31,243	24,596	29,274	30,688
1,125,598	1,097,387	1,360,691	1,489,272	1,659,616	1,998,019
(1,077,907)	(1,052,391)	(1,283,764)	(1,445,189)	(1,549,960)	(1,876,592)
—	—	—	—	16,288	—
—	—	—	—	1,940	—
1,159,343	774,882	152,734	319,510	158,615	255,245
$ 323,346	$ 195,499	$ 416,434	$ 689,512	$ 240,845	$ 55,644
3.85 %	4.45 %	4.59 %	4.60 %	4.22 %	4.17 %

[6] Expenditures for Health and Environmental Quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[7] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[8] Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

[9] In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from transportation expenditures to capital outlay for prior years.

[10] Expenditures for transportation increased in fiscal years 2007 to 2010 as existing fund balances and federal resources were used to address the State's transportation infrastructure needs.

[11] Expenditures for capital outlay increased in fiscal years 2010 to 2011 as additional funding through bond proceeds were used to address the State's transportation infrastructure needs.

[12] In fiscal year 2015, the Comprehensive Health Insurance Pool (discrete component unit) was dissolved and the remaining cash balance was transferred to the State's general fund.

State of Utah

Revenue Base

Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	2006	**2007**	**2008**	**2009**
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 75,432	$ 73,621	$ 10,822	$ 10,938
Mining	407,292	477,342	923,107	560,727
Construction	711,035	792,084	785,217	685,598
Manufacturing	2,507,326	2,678,207	2,635,317	2,079,294
Transportation	201,036	205,763	169,209	150,891
Communications and Utilities	3,557,949	3,591,019	4,138,623	4,060,387
Wholesale Trade	5,087,766	5,318,425	4,637,872	3,457,754
Retail	25,784,902	27,428,307	24,972,519	22,613,395
Finance, Insurance, and Real Estate	412,926	429,446	1,803,420	1,430,640
Services	5,261,263	5,689,281	6,889,315	6,289,414
Public Administration	114,007	116,614	224,402	225,935
Prior Period Payments and Refunds	674,846	889,925	193,380	359,249
Total Taxable Sales, Services and Use Tax Purchases	$ 44,795,780	$ 47,690,034	$ 47,383,203	$ 41,924,222
State Sales Tax Rate	4.75 %	4.75 %	4.65 %	4.70 %
Personal Income by Industry				
Federal Civilian	$ 3,000,038	$ 3,136,970	$ 3,138,234	$ 3,262,129
Federal Military	897,529	911,267	956,758	1,059,773
State and Local Government	7,480,210	7,994,668	8,619,692	8,996,163
Forestry, Fishing, and Related Activities	60,473	68,862	64,322	56,230
Mining	991,905	1,071,608	1,325,928	905,190
Utilities	470,178	454,072	520,216	500,769
Construction	5,802,670	6,366,934	5,938,557	4,880,333
Manufacturing	7,094,929	7,603,852	7,987,992	7,243,424
Wholesale Trade	2,910,463	3,219,149	3,313,418	3,145,582
Retail Trade	4,991,846	5,414,830	5,409,252	5,248,220
Transportation and Warehousing	2,727,491	3,025,714	2,943,658	2,818,544
Information	1,848,632	1,855,191	1,911,065	1,837,118
Financial, Insurance, Real Estate, Rental, and Leasing	5,085,088	5,180,794	5,592,421	5,432,615
Services	20,219,576	21,817,272	22,905,660	22,798,279
Farm Earnings	166,993	197,116	216,580	105,542
Other [2]	14,630,380	16,787,369	19,766,570	18,640,550
Total Personal Income	$ 78,378,401	$ 85,105,668	$ 90,610,323	$ 86,930,461
Highest Income Tax Rate	6.98 %	6.98 %	5.00 %	5.00 %

Sources: Taxable Sales, Services, and Use Tax Purchases — Utah State Tax Commission;
Personal Income by Industry — U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services. Prior year information has been updated with the most recent data available.

[1] Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes starting in 2008. Prior to 2008 are based on *Standard Industrial Classification* codes.

[2] Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

Calendar Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 12,747	$ 14,082	$ 13,880	$ 15,083	$ 16,721	$ 15,400
757,601	848,168	961,570	850,275	842,837	606,129
662,141	654,043	749,572	686,116	718,877	719,199
2,082,345	2,209,327	2,283,863	2,251,708	2,439,019	2,394,889
236,609	274,577	123,695	151,582	116,776	119,530
4,147,437	4,250,457	4,515,800	4,609,452	4,764,084	4,640,315
3,615,569	4,065,152	4,647,539	4,397,645	4,564,362	4,544,672
21,480,510	22,794,901	24,351,361	25,848,614	27,160,751	28,847,726
1,328,491	1,337,530	1,327,864	1,378,991	1,441,941	1,518,729
6,737,174	7,137,503	7,670,035	8,108,526	8,696,364	9,383,910
224,668	229,227	245,093	250,212	262,250	254,337
622,276	339,856	640,908	855,842	685,181	888,441
$ 41,907,568	$ 44,154,823	$ 47,531,180	$ 49,404,046	$ 51,709,163	$ 53,933,277
4.70 %	4.70 %	4.70 %	4.70 %	4.70 %	4.70 %
$ 3,427,143	$ 3,556,359	$ 3,201,034	$ 3,127,049	$ 3,226,299	$ 3,361,001
1,066,165	1,023,592	782,075	758,348	732,507	709,528
9,056,491	9,440,193	10,479,690	10,438,482	10,932,387	11,398,596
59,568	69,173	69,036	79,070	71,162	70,873
939,571	1,134,370	1,451,372	1,488,131	1,055,022	943,152
517,919	531,434	510,476	509,579	518,729	591,816
4,851,542	5,033,034	5,310,328	5,749,752	6,139,119	6,867,596
7,523,277	7,787,202	8,079,603	8,372,774	8,607,123	9,066,256
3,142,845	3,473,443	3,778,828	3,920,138	4,019,735	4,309,728
5,352,492	5,478,538	5,817,378	6,245,965	6,688,936	7,009,221
2,871,728	2,977,382	2,983,157	3,148,136	3,319,368	3,657,177
1,931,461	2,146,263	2,426,304	2,527,863	2,729,627	2,917,820
5,578,130	6,113,185	6,281,226	7,101,517	7,068,780	8,090,663
23,756,996	24,676,881	26,044,184	27,872,193	28,810,801	30,667,299
202,854	266,260	231,074	510,235	509,130	468,774
19,972,051	20,693,761	23,716,925	24,223,342	26,415,095	27,634,401
$ 90,250,233	$ 94,401,070	$ 101,162,690	$ 106,072,574	$ 110,843,820	$ 117,763,901
5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %

Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases

Schedule B–2

Most Current Calendar Year and Historical Comparison

(Expressed in Thousands)

	Calendar Year 2006		Calendar Year 2015	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 75,432	0.2 %	$ 15,400	0.1 %
Mining	407,292	0.9 %	606,129	1.1 %
Construction	711,035	1.6 %	719,199	1.3 %
Manufacturing	2,507,326	5.6 %	2,394,889	4.4 %
Transportation	201,036	0.4 %	119,530	0.2 %
Communications and Utilities	3,557,949	7.9 %	4,640,315	8.6 %
Wholesale Trade	5,087,766	11.4 %	4,544,672	8.4 %
Retail	25,784,902	57.6 %	28,847,726	53.5 %
Finance, Insurance, and Real Estate	412,926	0.9 %	1,518,729	2.8 %
Services	5,261,263	11.7 %	9,383,910	17.4 %
Public Administration	114,007	0.3 %	254,337	0.5 %
Prior Period Payments, Refunds	674,846	1.5 %	888,441	1.7 %
Total Taxable Sales, Services, and Use Tax Purchases	$ 44,795,780	100.0 %	$ 53,933,277	100.0 %
State Sales Tax Rates	4.75 % except 2.00 % for Communications and Utilities		4.70 % except 2.00 % for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2015.

State of Utah

Revenue Payers — Personal Income Tax

Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 2005				Calendar Year 2014			
	Number of Filers	**Percent of Total**	**Tax Liability**	**Percent of Total**	**Number of Filers**	**Percent of Total**	**Tax Liability**	**Percent of Total**
Adjusted Gross Income Class								
$10,000 and under	172,345	18.1%	$ 2,966	0.1%	162,429	14.6 %	$ 966	0.0 %
$10,001–20,000	156,705	16.5%	32,930	1.7%	152,551	13.7 %	20,362	0.8 %
$20,001–30,000	131,425	13.8%	72,808	3.5%	138,829	12.5 %	62,286	2.3 %
$30,001–40,000	101,126	10.6%	101,966	4.9%	112,313	10.1 %	97,742	3.6 %
$40,001–50,000	83,313	8.7%	126,544	6.1%	90,794	8.1 %	123,130	4.6 %
$50,001–75,000	146,033	15.3%	352,417	17.1%	172,017	15.5 %	383,133	14.3 %
$75,001–100,000	77,099	8.1%	291,907	14.2%	115,568	10.4 %	401,843	15.0 %
$100,001–250,000	70,982	7.5%	471,324	22.9%	145,799	13.1 %	921,391	34.3 %
Over $250,000	13,488	1.4%	609,171	29.5%	22,868	2.0 %	672,694	25.1 %
Total	952,516	100.0 %	$ 2,062,033	100.0 %	1,113,168	100.0 %	$ 2,683,547	100.0 %

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2014.

Personal Income Tax Rates

Schedule B–4

Last Ten Calendar Years

	Calendar Year	
	2006 to 2007 [1]	**2008 to 2015** [2]
	Single and Married Filing Separately	
Tax Rate	2.30 %	—
Taxable Income Levels	$0–1,000	—
Tax Rate	3.30 %	—
Taxable Income Levels	$1,001–2,000	—
Tax Rate	4.20 %	—
Taxable Income Levels	$2,001–3,000	—
Tax Rate	5.20 %	—
Taxable Income Levels	$3,001–4,000	—
Tax Rate	6.00 %	—
Taxable Income Levels	$4,001–5,500	—
Tax Rate	6.98 %	—
Taxable Income Levels	Over $5,500	—
Tax Rate	5.35 %	5.00 %
	Married Filing Joint, Head of Household, and Qualifying Widow(er)	
Tax Rate	2.30 %	—
Taxable Income Levels	$0–2,000	—
Tax Rate	3.30 %	—
Taxable Income Levels	$2,001–4,000	—
Tax Rate	4.20 %	—
Taxable Income Levels	$4,001–6,000	—
Tax Rate	5.20 %	—
Taxable Income Levels	$6,001–8,000	—
Tax Rate	6.00 %	—
Taxable Income Levels	$8,001–11,000	—
Tax Rate	6.98 %	—
Taxable Income Levels	Over $11,000	—
Tax Rate	5.35 %	5.00 %

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution* , Article XIII, Section 5.

[1] The Legislature passed an option for the taxpayer to use the single rate of 5.35 percent or the tax tables for calendar year 2007.

[2] The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Governmental Activities				
General Obligation Bonds	$ 1,284	$ 1,198	$ 1,563	$ 2,410
State Building Ownership Authority Lease Revenue Bonds	275	162	149	239
Capital Leases	18	19	19	28
Contracts/Notes Payable	7	1	1	—
Total Governmental Activities	1,584	1,380	1,732	2,677
Business-type Activities				
Student Assistance Revenue Bonds	2,138	2,165	2,235	1,389
State Building Ownership Authority Lease Revenue Bonds	37	51	75	98
Water Loan Recapitalization Revenue Bonds	—	—	—	68
Contracts/Notes Payable [1]	—	—	297	811
Total Business-type Activities	2,175	2,216	2,607	2,366
Total Primary Government	$ 3,759	$ 3,596	$ 4,339	$ 5,043
Debt as a Percentage of Personal Income [2]	4.44 %	4.04 %	4.93 %	5.59 %
Amount of Debt Per Capita (expressed in dollars) [2]	$ 1,392	$ 1,304	$ 1,586	$ 1,817
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,284	$ 1,198	$ 1,563	$ 2,410
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [3]	0.76 %	0.59 %	0.70 %	1.13 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [2]	$ 476	$ 434	$ 571	$ 868

Sources: Utah Department of Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Management and Budget – Demographics.

Note: Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amounts on refunding of bonded debt is no longer reported as part of long-term liabilities, but now as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities.*

[1] In 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

[2] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[3] The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code.* See Schedule C–3 for taxable property value.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 3,256	$ 3,660	$ 3,361	$ 3,271	$ 2,950	$ 2,585
223	213	200	187	170	249
26	24	23	22	20	23
—	—	10	6	—	—
3,505	3,897	3,594	3,486	3,140	2,857
1,243	970	1,274	1,284	1,511	1,255
95	90	85	81	80	79
67	62	58	52	47	42
648	552	—	—	1,152	922
2,053	1,674	1,417	1,417	2,790	2,298
$ 5,558	$ 5,571	$ 5,011	$ 4,903	$ 5,930	$ 5,155
5.89 %	5.51 %	4.78 %	4.42 %	5.04 %	4.14 %
$ 1,975	$ 1,951	$ 1,727	$ 1,665	$ 1,979	$ 1,692
$ 3,256	$ 3,660	$ 3,361	$ 3,271	$ 2,950	$ 2,585
1.59 %	1.82 %	1.67 %	1.58 %	1.33 %	1.10 %
$ 1,157	$ 1,282	$ 1,159	$ 1,111	$ 985	$ 848

Other Long-Term Liabilities
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Governmental Activities				
General Obligation Bonds [1]	$ 1,237,170	$ 1,161,510	$ 1,492,620	$ 2,299,300
State Building Ownership Authority Lease Revenue Bonds	273,538	161,614	148,654	236,629
Net Unamortized Premiums	66,581	51,011	80,962	119,694
Deferred Amount on Refundings [2]	(17,732)	(13,621)	(10,151)	(7,080)
Capital Leases	18,228	18,769	19,210	27,542
Notes Payable [3]	6,941	559	512	484
Compensated Absences [4]	185,630	186,581	162,689	162,120
Claims	44,755	41,285	43,650	41,897
Pollution Remediation Obligation [3]	—	7,842	7,687	7,690
Arbitrage Liability	109	—	—	—
Net Other Post Employment Benefit Obligation	—	—	3,918	5,693
Settlement Obligation	—	—	—	39,422
Net Pension Liability	—	—	—	—
Total Governmental Activities	1,815,220	1,615,550	1,949,751	2,933,391
Business-type Activities				
Student Assistance Revenue Bonds [5]	2,137,655	2,165,180	2,235,322	1,388,922
State Building Ownership Authority Lease Revenue Bonds	36,552	50,246	73,676	96,476
Water Loan Recapitalization Revenue Bonds	—	—	—	65,800
Net Unamortized Premiums	879	1,117	1,491	4,093
Deferred Amount on Refundings [2]	(365)	(318)	(267)	(221)
Notes Payable [6]	—	—	297,381	811,354
Claims and Uninsured Liabilities	4,678	5,786	14,941	19,105
Arbitrage Liability	72,487	65,945	57,782	50,214
Net Pension Liability	—	—	—	—
Total Business-type Activities	2,251,886	2,287,956	2,680,326	2,435,743
Total Primary Government Other Long-term Liabilities	$ 4,067,106	$ 3,903,506	$ 4,630,077	$ 5,369,134

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

[1] During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[2] Beginning in 2014, deferred amount on refundings are no longer reported in the financial statements as part of other long-term liabilities under Governmental and Business-type Activities. This obligation is now being reported as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities.*

[3] Beginning in 2008, the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable under Governmental Activities. This obligation is now being reported separately as Pollution Remediation Obligation per the implementation of GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

[4] During 2009, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

[5] During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 3,128,890	$ 3,487,680	$ 3,225,435	$ 3,136,755	$ 2,830,150	$ 2,498,895
220,380	210,384	198,485	183,590	166,773	242,976
162,003	200,979	159,882	138,187	122,321	92,827
(31,904)	(26,248)	(22,546)	—	—	—
25,799	24,270	23,213	21,794	20,287	23,498
466	446	9,758	5,983	370	339
182,543	185,701	185,711	184,679	185,792	182,707
42,731	44,700	48,190	48,585	46,931	48,092
7,083	6,640	6,222	5,327	5,086	6,401
—	—	—	—	—	—
7,142	5,439	5,206	4,331	4,126	3,848
38,926	34,007	25,020	6,928	4,471	365
—	—	—	—	802,543	992,495
3,784,059	4,173,998	3,864,576	3,736,159	4,188,850	4,092,443
1,218,390	930,422	1,240,407	1,277,837	1,509,543	1,256,026
92,445	88,161	83,795	79,106	73,207	72,674
65,800	61,205	56,545	51,800	46,940	41,915
29,092	16,917	13,143	9,110	8,696	5,434
(994)	25,445	23,413	—	—	—
647,842	552,423	—	—	1,152,207	921,995
16,179	17,866	18,694	9,283	7,587	5,726
11,968	10,000	—	—	—	—
—	—	—	—	12,853	17,845
2,080,722	1,702,439	1,435,997	1,427,136	2,811,033	2,321,615
$ 5,864,781	$ 5,876,437	$ 5,300,573	$ 5,163,295	$ 6,999,883	$ 6,414,058

[6] During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. The program was created to assist lenders in obtaining financing for student loans during 2008–2010 academic years. In 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Taxable Property, Taxable Value [1]	$ 168,812	$ 201,774	$ 224,689	$ 212,423
Taxable Property, Fair Market Value [1]	$ 233,013	$ 282,176	$ 311,525	$ 291,460
Debt Limit (Fair Market Value times 1.5 %)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	3,495	4,233	4,673	4,372
Net General Obligation Bonded Debt [2] [3]	1,284	1,198	1,563	2,410
Legal Debt Margin	$ 2,211	$ 3,035	$ 3,110	$ 1,962
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	36.74 %	28.30 %	33.45 %	55.12 %

Source: Utah State Tax Commission and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 1 of the *Utah Constitution* allows the State to contract debts not exceeding 1.5 percent of the total taxable property in the State. The Legislature authorizes general obligation indebtedness within this limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation and other vested leave for employees of $102.729 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

[1] Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2015, are used for fiscal year 2016.

Statutory Debt Limit
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Appropriations Limitation Amount	$ 2,276,693	$ 2,477,629	$ 2,515,576	$ 2,657,135
Limit (Appropriations Limitation Amount times applicable percentage)	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	1,024,512	1,114,933	1,132,009	1,195,711
Net General Obligation Bonded Debt [1]	1,284,023	1,198,172	1,562,815	2,409,939
Less: Exempt Highway Construction Bonds	(790,567)	(763,583)	(1,079,270)	(1,860,685)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	493,456	434,589	483,545	549,254
Additional General Obligation Debt Incurring Capacity	$ 531,056	$ 680,344	$ 648,464	$ 646,457

Source: Utah Governor's Office of Management and Budget and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 5 of the *Utah Constitution* limits any funds borrowed to be used solely for purposes as authorized by law. In addition, Title 63J-3-402 of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation and other vested leave for employees of $102.729 million as of 2016 fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

Schedule C–3

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 205,284	$ 201,473	$ 201,294	$ 207,211	$ 221,650	$ 235,273
$ 280,846	$ 274,806	$ 272,954	$ 282,489	$ 303,725	$ 323,367
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,213	4,122	4,094	4,237	4,556	4,851
3,256	3,660	3,361	3,271	2,950	2,585
$ 957	$ 462	$ 733	$ 966	$ 1,606	$ 2,266
77.28 %	88.79 %	82.10 %	77.20 %	64.75 %	53.29 %

[2] During 2010 to 2012, the State issued general obligation bonds to take advantage of low interest rates and ease budget constraints.

[3] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Schedule C–4

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 2,849,469	$ 3,033,826	$ 3,141,740	$ 3,250,227	$ 3,315,101	$ 3,468,856
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,282,261	1,365,222	1,413,783	1,462,602	1,491,795	1,560,985
3,256,114	3,660,089	3,360,901	3,271,302	2,949,659	2,585,224
(2,698,330)	(3,131,784)	(2,869,046)	(2,860,178)	(2,621,976)	(2,402,000)
557,784	528,305	491,855	411,124	327,683	183,224
$ 724,477	$ 836,917	$ 921,928	$ 1,051,478	$ 1,164,112	$ 1,377,761

[1] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Pledged Revenue Coverage

Schedule C–5

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues [1]	Less Operating Expenses [2]	Net Available Revenue	Debt Service		Coverage [3]
				Principal	Interest	
Water Loan Programs [4]						
2007	$ —	$ —	$ —	$ —	$ —	—
2008	$ —	$ —	$ —	$ —	$ —	—
2009	$ —	$ —	$ —	$ —	$ —	—
2010	$ 1,295	$ —	$ 1,295	$ —	$ 862	1.50
2011	$ 3,742	$ —	$ 3,742	$ —	$ 2,424	1.54
2012	$ 3,860	$ —	$ 3,860	$ 4,595	$ 2,371	0.55
2013	$ 3,649	$ —	$ 3,649	$ 4,660	$ 2,297	0.52
2014	$ 3,877	$ —	$ 3,877	$ 4,745	$ 2,197	0.56
2015	$ 3,920	$ —	$ 3,920	$ 4,860	$ 2,067	0.57
2016	$ 3,744	$ —	$ 3,744	$ 5,025	$ 1,851	0.54
Student Assistance Programs [5]						
2007	$ 146,108	$ 33,211	$ 112,897	$ 430	$ 97,729	1.15
2008	$ 129,255	$ 19,682	$ 109,573	$ 72,145	$ 98,154	0.64
2009	$ 84,465	$ 25,658	$ 58,807	$ 121,358	$ 62,839	0.32
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2011	$ 27,188	$ (20,137) [6]	$ 47,325	$ 557,894	$ 20,655	0.08
2012	$ 25,404	$ 14,904	$ 10,500	$ 797,350	$ 10,620	0.01
2013	$ 44,378	$ 27,914	$ 16,464	$ 208,715	$ 9,747	0.08
2014	$ 49,679	$ 36,697	$ 12,982	$ 171,000	$ 7,631	0.07
2015	$ 75,796	$ 59,463	$ 16,333	$ 967,584	$ 6,646	0.02
2016	$ 110,982	$ 87,889	$ 23,093	$ 483,729	$ 25,338	0.05

Note: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

[1] Revenues for Water Loan Programs are primarily interest on revolving loan receivables; principal repayments are not included in gross revenues, but are pledged to cover debt service payments. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

[2] Operating Expenses do not include interest, depreciation, or amortization expenses.

[3] Coverage equals net available revenue divided by debt service.

[4] Between years 2007 and 2009, the State did not issue any water loan recapitalization bonds.

[5] Prior to 2015, only Student Loan Purchase Program bonds were presented. During February 2015, the Warehouse Facility Fund line of credit was issued for $1.6 billion in order to acquire federally guaranteed student loans.

[6] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.2 million on its 1988 and 1993 revenue bonds.

Demographic and Economic Indicators

Schedule D–1

Last Ten Calendar Years

Calendar Year	Population (in Thousands) Utah Number	Utah Change	U.S. Number	U.S. Change	Unemployment Rate Utah	U.S.	Utah Net Migration
2007	2,700	3.3 %	302,040	0.9 %	2.6 %	4.6 %	44,252
2008	2,758	2.1 %	304,992	1.0 %	3.3 %	5.8 %	16,648
2009	2,735	(0.8)%	307,800	0.9 %	7.8 %	9.3 %	3,700
2010	2,775	1.5 %	310,100	0.7 %	8.1 %	9.6 %	4,500
2011	2,814	1.4 %	312,300	0.7 %	6.8 %	8.9 %	2,300
2012	2,855	1.5 %	314,500	0.7 %	5.4 %	8.1 %	3,700
2013	2,901	1.6 %	316,700	0.7 %	4.4 %	7.4 %	9,200
2014	2,945	1.5 %	319,500	0.9 %	3.8 %	6.2 %	6,000
2015	2,996	1.7 %	322,000	0.8 %	3.5 %	5.3 %	17,600
2016 (est.)	3,047	1.7 %	324,500	0.8 %	3.7 %	4.9 %	17,900

Calendar Year	Personal Income (in Millions) Utah Amount	Utah Change	U.S. Amount	U.S. Change	Per Capita Income (in Dollars) Utah Amount	Utah Change	U.S. Amount	U.S. Change
2007	$ 84,709	12.1 %	$ 11,894,000	8.2 %	$ 31,374	8.5 %	$ 39,379	7.2 %
2008	$ 88,902	4.9 %	$ 12,391,000	4.2 %	$ 32,234	2.7 %	$ 40,627	3.2 %
2009	$ 87,947	(1.1)%	$ 11,930,000	(3.7)%	$ 32,156	(0.2)%	$ 38,759	(4.6)%
2010	$ 90,250	2.6 %	$ 12,322,000	3.3 %	$ 32,523	1.1 %	$ 39,736	2.5 %
2011	$ 94,401	4.6 %	$ 12,947,000	5.1 %	$ 33,547	3.1 %	$ 41,457	4.3 %
2012	$ 101,163	7.2 %	$ 13,888,000	7.3 %	$ 35,434	5.6 %	$ 44,159	6.5 %
2013	$ 104,910	3.7 %	$ 14,167,000	2.0 %	$ 36,163	2.1 %	$ 44,733	1.3 %
2014	$ 110,844	5.7 %	$ 14,810,000	4.5 %	$ 37,638	4.1 %	$ 46,354	3.6 %
2015	$ 117,764	6.2 %	$ 15,459,000	4.4 %	$ 39,307	4.4 %	$ 48,009	3.6 %
2016 (est.)	$ 124,510	5.7 %	$ 15,988,000	3.4 %	$ 40,863	4.0 %	$ 49,270	2.6 %

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2016 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Services. The 2016 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2016 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2016 estimate is from the Utah Revenue Assumption Committee.

Note: Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

State of Utah

Principal Employers

Schedule D–2

Most Current Calendar Year and Historical Comparison

Entity Name	Calendar Year 2006 Number of Employees	Rank	Percent of All Employees	Calendar Year 2015 Number of Employees	Rank	Percent of All Employees
Intermountain Health Care (IHC)	20,000 +	1	2.2 %	20,000 +	1	2.5 %
University of Utah (includes Hospital)	15,000–19,999	3	1.5 %	20,000 +	2	2.1 %
State of Utah	20,000 +	2	1.9 %	20,000 +	3	1.5 %
Brigham Young University	15,000–19,999	4	1.4 %	15,000 – 19,999	4	1.3 %
Wal-Mart Stores	10,000–14,999	5	1.3 %	15,000 – 19,999	5	1.2 %
Hill Air Force Base	10,000–14,999	6	1.0 %	10,000 – 14,999	6	0.8 %
Davis County School District	7,000–9,999	9	0.7 %	7,000 – 9,999	7	0.6 %
Granite School District	7,000–9,999	7	0.8 %	7,000 – 9,999	8	0.6 %
Utah State University	7,000–9,999	10	0.6 %	7,000 – 9,999	9	0.6 %
Smith's Food and Drug Center				7,000 – 9,999	10	0.6 %
Jordan School District	7,000–9,999	8	0.7 %			
Total Employees of Principal Employers	145,670		12.1 %	165,351		11.8 %

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

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State of Utah

Composition of Labor Force
Last Ten Calendar Years

	Calendar Year			
	2006	**2007**	**2008**	**2009**
Nonagricultural Jobs				
Government	204,483	206,868	211,710	214,679
Mining	10,024	11,034	12,506	10,694
Construction	95,164	103,450	90,469	70,492
Manufacturing	123,064	127,695	125,852	112,879
Trade, Transportation, and Utilities	234,797	245,672	247,978	234,098
Information	32,541	32,448	30,747	29,570
Financial Activity	71,469	74,739	74,050	71,092
Professional and Business Services	154,834	161,022	162,194	149,532
Education and Health Services	134,410	139,991	146,617	150,866
Leisure and Hospitality	108,477	112,821	114,813	110,859
Other Services	34,651	35,542	35,534	34,028
Total Nonagricultural Jobs	1,203,914	1,251,282	1,252,470	1,188,789
Civilian Labor Force	1,324,436	1,364,769	1,376,458	1,382,861
Total Employed	1,285,392	1,329,174	1,330,369	1,275,514
Unemployed	39,044	35,595	46,089	107,347
Unemployment Rate	2.9 %	2.6 %	3.3 %	7.8 %

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

Calendar Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
216,828	220,772	223,298	225,917	230,619	233,658
10,442	11,659	12,553	12,107	12,160	10,372
65,223	65,166	69,231	73,462	78,676	84,676
111,075	113,684	116,667	118,747	120,706	123,695
229,108	233,251	241,815	246,900	252,574	263,158
29,276	29,495	31,295	32,427	33,320	34,402
67,981	68,391	69,537	72,869	74,965	79,020
152,335	159,420	167,268	177,462	185,121	194,127
155,001	159,210	163,590	170,541	174,309	182,273
110,662	113,512	118,640	123,521	128,086	133,657
33,625	34,090	35,054	36,425	37,604	38,689
1,181,556	1,208,650	1,248,948	1,290,378	1,328,140	1,377,727
1,362,489	1,353,257	1,376,628	1,418,522	1,431,553	1,464,404
1,252,517	1,261,698	1,302,641	1,355,720	1,377,013	1,412,473
109,972	91,559	73,987	62,802	54,540	51,931
8.1 %	6.8 %	5.4 %	4.4 %	3.8 %	3.5 %

State of Utah

Public Education Student Enrollment (K–12)

Last Ten Academic Years

	Academic Year			
	2006–07	**2007–08**	**2008–09**	**2009–10**
Elementary	294,202	303,807	314,676	322,704
Secondary	229,801	233,846	236,694	240,569
Total All Grades	524,003	537,653	551,370	563,273

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1st counts.

Public Higher Education Enrollment

Last Ten Academic Years

	Academic Year			
	2007–08	**2008–09**	**2009–10**	**2010–11**
University of Utah	29,797	30,228	31,407	30,833
Utah State University [1]	24,421	23,925	25,065	25,767
Weber State University	18,306	21,674	23,331	24,126
Southern Utah University	7,057	7,516	8,066	8,024
Salt Lake Community College	25,144	29,866	33,774	33,983
Utah Valley University	23,840	26,696	28,765	32,670
Dixie State University	5,944	6,443	7,911	8,755
College of Eastern Utah [1]	2,444	2,082	2,173	2,634
Snow College	3,745	3,798	4,368	4,386
Utah College of Applied Technology	19,595	20,321	18,831	18,476
Total All Institutions	160,293	172,549	183,691	189,654

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in 2011-12.

Schedule D–4

Academic Year					
2010–11	**2011–12**	**2012–13**	**2013–14**	**2014–15**	**2015–16**
329,111	334,110	340,443	345,967	349,382	353,050
247,134	253,635	260,542	266,584	272,771	280,846
576,245	587,745	600,985	612,551	622,153	633,896

Schedule D–5

Academic Year					
2011–12	**2012–13**	**2013–14**	**2014–15**	**2015–16**	**2016–17**
31,673	32,398	32,080	31,515	31,673	32,061
28,994	28,786	27,812	27,662	28,622	28,118
25,483	26,680	25,301	26,266	25,955	26,809
7,750	8,297	7,745	7,656	8,881	9,229
33,167	30,112	31,137	29,537	28,814	29,901
33,395	31,556	30,564	31,332	33,211	34,978
9,086	8,863	8,350	8,570	8,503	8,993
—	—	—	—	—	—
4,465	4,599	4,605	4,779	5,111	5,350
15,536	15,418	14,851	14,834	16,933	17,293
189,549	186,709	182,445	182,151	187,703	192,732

Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
General Government				
Government Operations	2,074	2,114	2,084	2,018
Tax Commission	764	777	763	723
All Other	152	157	154	157
Human Services and Juvenile Justice Services	4,521	4,546	4,464	4,155
Corrections	2,316	2,377	2,439	2,271
Public Safety				
Department of Public Safety	1,151	1,153	1,202	1,218
Utah National Guard	246	237	239	196
State Courts	1,077	1,112	1,096	1,068
Health and Environmental Quality				
Department of Health	1,231	991	988	950
Department of Environmental Quality	382	385	383	384
Employment and Family Services	1,729	2,030	2,062	2,066
Natural Resources	1,304	1,330	1,361	1,350
Heritage and Arts [1]	187	188	191	193
Business, Labor, and Agriculture	706	722	715	691
Education				
Public Education Support	1,159	1,168	1,178	1,170
Higher Education Support	230	223	205	171
Transportation	1,691	1,716	1,685	1,637
Total Full-time Equivalent State Employees	20,920	21,226	21,209	20,418

Source: Utah Department of Administrative Services, Division of Finance

[1] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from the Heritage and Arts to the Employment and Family Services.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
1,976	2,024	2,069	2,066	2,055	2,063
719	716	718	715	708	697
152	159	165	166	176	181
3,935	3,907	3,955	3,991	3,942	4,037
2,243	2,244	2,265	2,295	2,307	2,392
1,241	1,275	1,314	1,327	1,324	1,329
214	226	243	218	210	226
1,042	1,038	1,031	1,009	994	994
937	923	933	946	946	943
376	372	376	371	373	367
2,041	1,912	1,872	1,768	1,758	1,719
1,361	1,302	1,304	1,304	1,315	1,320
190	169	117	117	120	125
686	701	722	728	748	767
1,137	1,094	1,119	1,119	1,135	1,138
195	204	213	227	277	236
1,612	1,604	1,603	1,583	1,569	1,616
20,057	19,870	20,019	19,950	19,957	20,150

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
General Government				
Government Operations				
Construction Projects Managed	909	946	841	847
Tax Commission				
Percent of Data Managed Electronically	58.9 %	62.9 %	65.3 %	70.5 %
Number of Returns Filed Electronically	640,365	725,293	748,879	777,485
Motor Vehicle Registrations (in thousands)	2,955	2,779	2,759	2,681
Human Services and Juvenile Justice Services				
Food Stamp Recipients	214,164	224,313	293,151	363,714
Percent of Population	7.9 %	8.1 %	10.7 %	13.1 %
Juveniles, Daily Average in Justice System Placement	1,150	1,132	1,105	1,023
Rate of Recommitment to Juvenile Custody	6.8 %	7.3 %	7.2 %	8.3 %
Corrections [1]				
Incarcerated Offenders	6,502	6,489	6,521	6,692
Supervised Offenders	11,521	12,519	12,423	12,702
Utah Incarceration Rate (per 100,000 population)	246	232	232	232
US Incarceration Rate (per 100,000 population)	445	509	504	502
State Courts [2]				
State Court Filings	275,020	270,684	369,830	367,541
State Court Dispositions	240,180	225,362	369,772	341,626
Health				
Children's Health Insurance Program Enrollment	31,998	32,101	38,036	41,503
Medicaid Eligible (unduplicated)	274,710	267,378	298,372	325,204
Percent of Population	10.2 %	9.7 %	10.9 %	11.7 %
Employment and Family Services				
Individuals Registered for Employment	202,642	211,906	283,692	317,998
Percent Who Entered Employment	72 %	74 %	71 %	59 %
Natural Resources				
Hatchery Fish, Pounds Raised	993,323	964,630	1,106,719	1,334,782
Hunting and Fishing Licenses Sold [1] [3]	438,286	599,691	607,875	598,474
State Park Visitations (in thousands)	4,676	4,549	4,624	4,620
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued [4]	309,106	314,894	321,943	308,717
Department of Agriculture and Food [1]				
Dairy Farm Inspections	769	718	743	667
Pounds of Turkey Inspected and Graded (in thousands)	85,954	81,945	55,685	77,257
Gas Pumps and Scales Inspected	21,423	19,631	22,216	15,548
Higher Education				
Number of Certificates and Degrees Awarded	30,182	33,608	26,990	28,639
Transportation				
Percent of Roads Which are Deficient (see page 162) [5]	12.4 %	13.9 %	13.1 %	14.7 %
Vehicles Weighed or Inspected (in thousands)	6,358	6,278	4,790	4,686

Source: Various agencies of the State and the Utah State Board of Regents.

Note: N/A = Not Available

[1] Data is provided on a calendar year basis.

[2] State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

[3] Includes only licenses for elk, deer, fishing and all other big game. Year 2016 is an estimate.

[4] Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

[5] Assessments are completed at a minimum of every other calendar year.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
898	849	815	1,020	802	645
77.0 %	75.5 %	78.1 %	79.9 %	81.8 %	83.2 %
863,907	946,606	997,329	1,051,940	1,103,323	1,171,287
2,583	2,725	2,759	2,863	2,846	2,961
394,170	404,316	389,426	363,154	348,459	338,362
14.0 %	14.2 %	13.4 %	12.3 %	11.6 %	11.1 %
946	928	923	922	812	686
6.9 %	6.4 %	5.9 %	6.6 %	7.8 %	8.4 %
6,812	6,893	7,065	7,113	6,723	N/A
12,906	12,759	12,730	15,307	13,897	N/A
238	242	242	237	N/A	N/A
500	492	477	471	N/A	N/A
348,548	329,176	324,523	311,187	305,778	288,797
312,953	309,307	309,420	279,903	273,731	260,952
38,498	37,872	35,446	29,953	15,775	17,058
340,805	361,457	366,061	391,139	415,843	418,356
12.1 %	12.7 %	12.6 %	13.3 %	13.9 %	13.7 %
316,703	351,629	318,008	260,138	215,861	185,347
56 %	59 %	61 %	65 %	66 %	71 %
1,240,499	1,058,375	1,180,927	1,204,984	1,212,696	1,093,205
661,239	659,534	682,594	583,460	585,666	558,893
4,821	5,051	5,054	3,741	4,482	5,176
315,238	325,769	333,646	350,416	355,124	378,478
718	678	672	693	560	N/A
106,016	45,869	33,743	107,833	79,060	N/A
21,499	20,492	20,377	26,612	32,131	N/A
30,199	31,553	31,970	32,491	32,797	33,822
10.9 %	10.9 %	—	12.5 %	10.7 %	—
4,622	4,807	6,071	7,484	6,706	5,969

Capital Asset Statistics by Function
Last Ten Fiscal Years

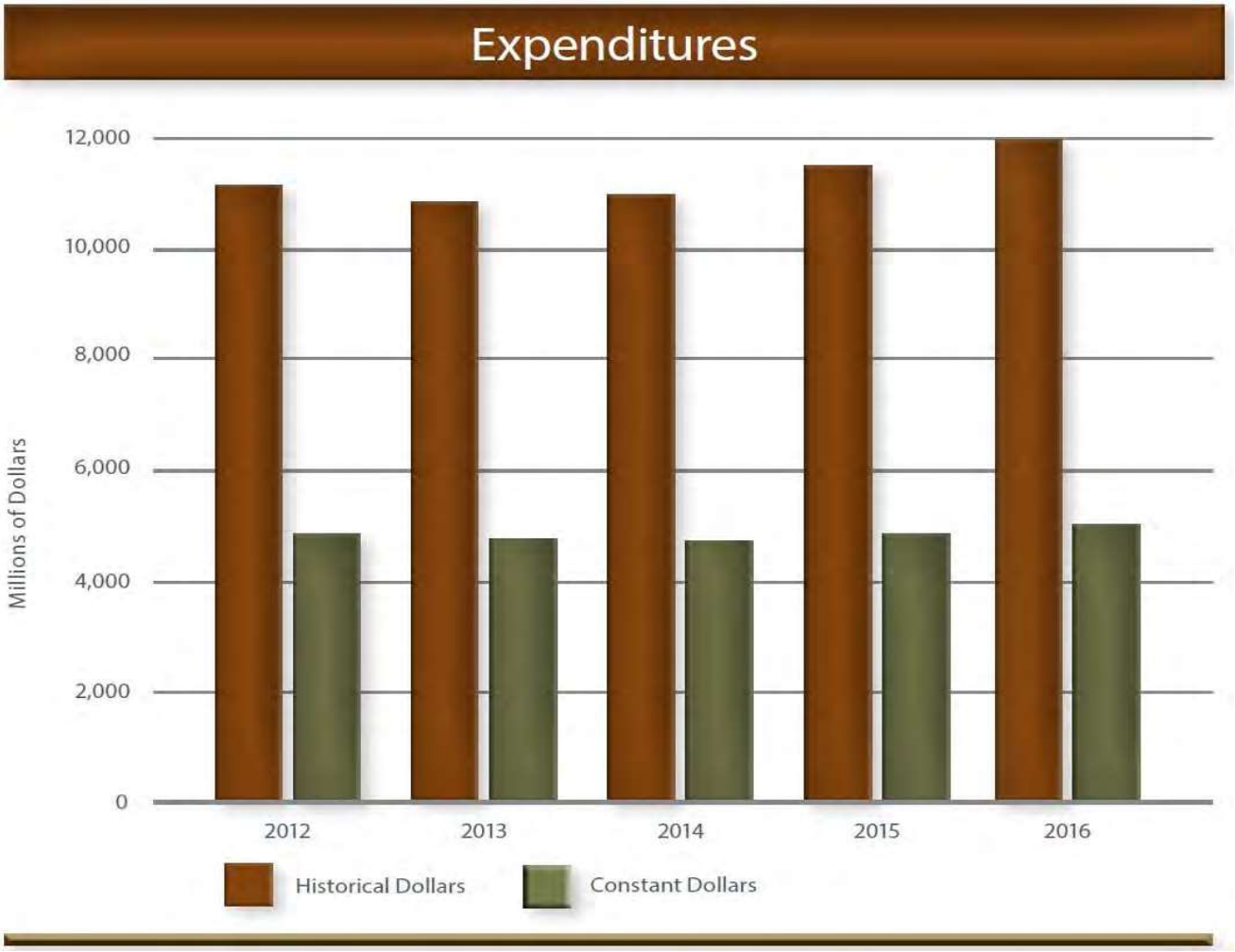
	Fiscal Year			
	2007	**2008**	**2009**	**2010**
General Government				
Buildings	288	289	290	299
Vehicles	7,376	7,437	7,256	7,266
Data Processing Equipment and Software	2,156	2,302	2,448	2,437
Reproduction and Printing Equipment	948	1,020	994	1,003
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	72	61	45	64
Corrections				
Data Processing Equipment and Software	189	230	219	226
Security and Surveillance Equipment	43	52	55	59
Public Safety				
Department of Public Safety				
Vehicles	28	28	28	34
Data Processing Equipment and Software	121	127	182	200
Medical and Lab Equipment	140	146	147	174
Utah National Guard				
Buildings	192	192	193	206
State Courts				
Data Processing Equipment and Software	86	95	95	105
Audio Visual Equipment	190	191	190	192
Health and Environmental Quality				
Department of Health				
Data Processing Equipment and Software	216	211	216	147
Medical and Lab Equipment	203	228	218	257
Department of Environmental Quality				
Monitoring and Lab Equipment	304	313	327	316
Employment and Family Services				
Department of Workforce Services				
Data Processing Equipment and Software	424	458	464	449
Natural Resources				
Division of Parks and Recreation				
State Parks	42	42	42	42
Buildings	642	667	681	684
Vehicles	296	292	315	329
Division of Wildlife Resources				
Wildlife Management Areas	87	87	92	92
Fish Hatcheries	11	11	11	11
Buildings	164	165	163	166
Vehicles	142	189	193	208
Business, Labor, and Agriculture				
Data Processing Equipment and Software	94	99	91	94
Monitoring and Lab Equipment	107	106	106	105
Transportation				
Highway Center Line Miles	5,777	5,754	5,699	5,753
Buildings	343	345	358	361
Vehicles	812	832	832	824
Heavy Equipment	2,462	2,543	2,544	2,538

Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

Fiscal Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
305	311	314	314	315	319
7,323	7,309	7,360	7,524	7,781	7,886
2,541	2,691	2,794	2,931	2,383	2,428
1,065	1,127	1,165	1,209	1,178	1,140
52	52	59	64	64	64
218	216	216	216	220	222
59	67	59	55	69	73
34	35	35	35	34	35
222	230	247	249	204	213
184	187	193	197	207	220
213	215	221	223	229	235
64	64	64	52	63	63
192	145	146	143	151	150
143	127	131	120	112	89
287	303	288	302	291	295
349	376	384	404	433	448
422	389	396	358	365	370
43	43	43	43	43	43
719	722	727	736	756	778
333	332	332	334	340	344
92	92	92	92	92	92
11	11	11	11	12	11
175	180	181	182	183	190
212	201	202	203	209	214
97	102	117	117	114	101
108	111	111	114	118	122
5,772	5,724	5,719	5,719	5,830	5,825
386	387	391	402	423	440
838	844	861	878	904	931
2,549	2,574	2,582	2,593	2,595	2,599

State of Utah

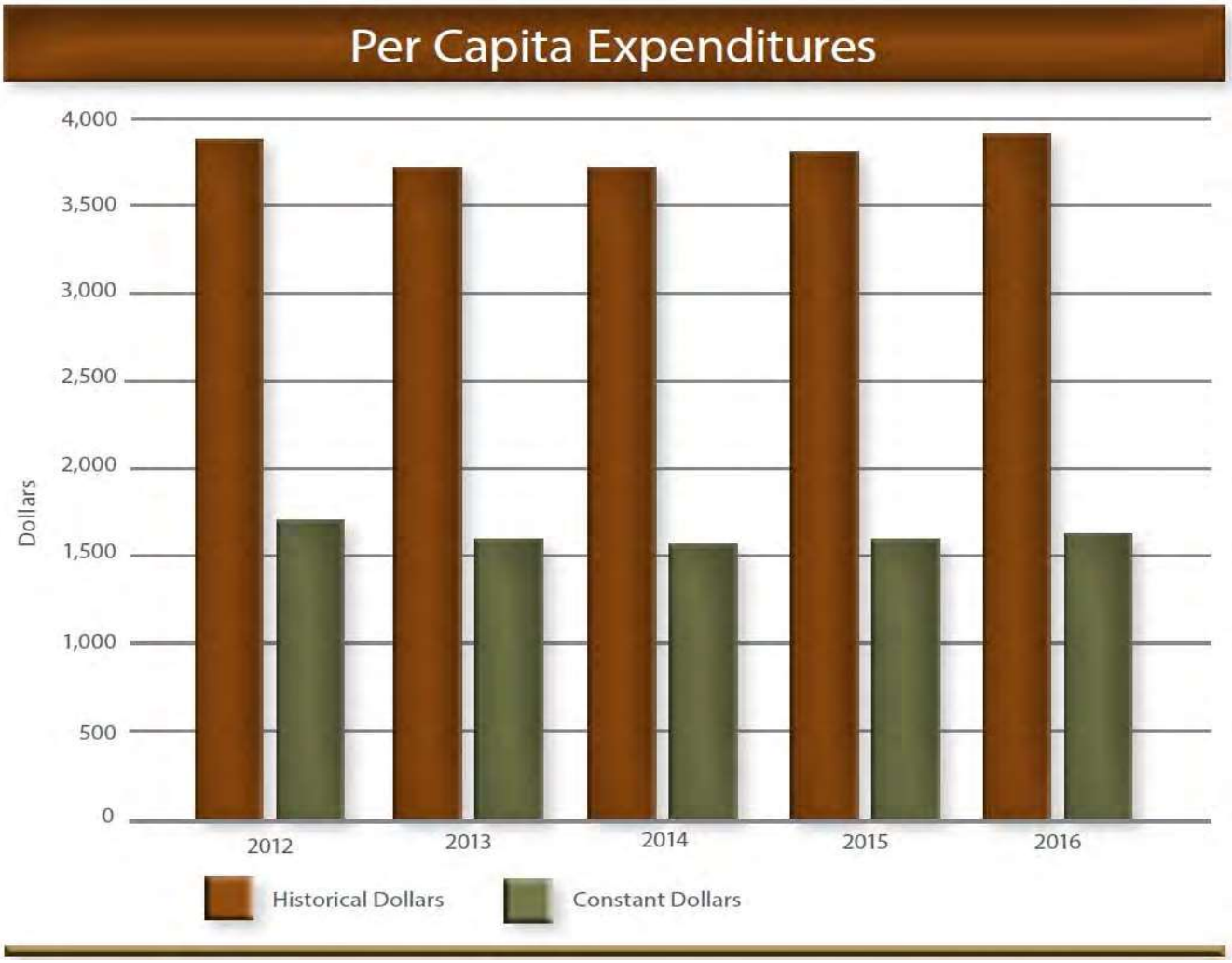
Expenditures — Historical and Constant Dollars **Schedule F–1**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2012	$ 11,114	0.4 %	$ 4,884	(2.4)%
2013	$ 10,827	(2.6)%	$ 4,680	(4.2)%
2014	$ 10,986	1.5 %	$ 4,676	(0.1)%
2015	$ 11,482	4.5 %	$ 4,851	3.7 %
2016	$ 11,923	3.8 %	$ 5,004	3.2 %

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

Per Capita Expenditures — Historical and Constant Dollars **Schedule F–2**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars	Change	Constant Dollars	Change
2012	$ 3,893	(1.0)%	$ 1,711	(3.8)%
2013	$ 3,732	(4.1)%	$ 1,613	(5.7)%
2014	$ 3,730	(0.1)%	$ 1,588	(1.5)%
2015	$ 3,832	2.7 %	$ 1,619	2.0 %
2016	$ 3,913	2.1 %	$ 1,642	1.4 %

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

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UTAH DEPARTMENT OF
ADMINISTRATIVE SERVICES

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